

-- Prepared Version --

**Bank of Thailand: Transforming Asian Fintech with Open Finance and
Collaboration**

Keynote Presentation at Money20/20 Asia 2024

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Financial Consumer Protection Group**

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สวัสดีค่ะ **Ladies and Gentlemen,**

- A very good morning to you all, and I would like to extend a warm welcome, literally! to those who have travelled from overseas, far, and near, to join us. It is my great pleasure and honour to be speaking here today at the opening session of the first Money 20/20 in Thailand.
- I must admit that in drafting this speech, I did ask for the help of my current favorite assistant, Gemini, to see what he or she thinks are the reasons that Money 20/20 Asia come to Bangkok.
- **So, why does Money20/20 Asia come to Bangkok?** Let's see what the answers are: **Thailand's rising fintech status:** Bangkok is becoming a recognized hub for fintech innovation in Asia. **Asia's fintech leadership:** The region is a hotbed for financial technology, and Money20/20 recognizes Asia as a future epicenter for the industry. **Strategic location:** Bangkok is a major city in Southeast Asia, making it easily accessible to attendees from across the region. I couldn't agree more!

Fintech Development in Asia

- Indeed, according to a report from the global consulting agency BCG: The **Asia-Pacific region** — led by India, China, and Indonesia — **is expected to become the world's top fintech market by 2030. Global financial activities and technology development are shifting** from the traditional centers in North America and Europe towards Asia. 60% of the world's population lives in Asia. Countries with large populations like China, India, Vietnam, Indonesia, are opening up and achieving higher levels of financial inclusion and productivity growth.

- In Thailand, rapid rise of mobile penetration has sparked fintech revolution.
By our latest count, at the start of 2024, there are 49 million social media users, **63 million internet users and 98 million mobile users**. Compared with 70 million population, mobile penetration is way over a 100% - it's 135%. These are all supportive underlying features towards promising fintech use cases in Thailand.

BOT's Key Objectives and Directions for FinTech Development

- For the last decade, we have seen incredible progress in digital finance and fintech development. Since this is the first Money 20/20 in Bangkok, I can't help but reminisce about the Bank of Thailand own inaugural Bangkok Fintech Fair, back in 2018. Dr. Veerathai Santiprabhob, the former governor of the Bank of Thailand, had emphasized, in his opening speech, **the three key imperatives for financial sector/fintech development policy which are: Productivity, Inclusivity, and Immunity**. These three objectives have continued to guide us as we aspire to build Thailand's financial ecosystem for the future.
- **First, "uplifting Productivity" is critical for long-term sustainable growth.** Fintech has the potential to streamline processes, boost efficiency, unlock new opportunities, enhance competitiveness, and thereby improve standard of living.
- **Second, we need to focus on "Inclusivity". Financial services shouldn't be a privilege for the few.** Fintech can bridge the gap and ensure everyone has access to the financial tools they need to thrive. This is especially important in Thailand and our region, where income inequality remains a significant challenge.
- **Third, we need "Immunity". The global economic landscape is constantly changing, and we need to be better prepared for all eventualities.** Fintech can help us build a more resilient financial system, one that can absorb shocks, and adapt to unforeseen circumstances.
- Fast forward to the latest BOT Digital Finance Conference held last year, Governor Sethaput Suthiwartnarueput, in his keynote address, focused on **building an ecosystem for responsible**

innovation with 3 strategic directions - the 3 Opens: Open infrastructure, Open data, and Open competition.

Now and Next for FinTech in Thailand

- I would now like to talk you through our digital finance transformation journey: the progress that Thailand has made thus far and what we plan to do next, by way of this **3-layer digital infrastructure: Identity, Payment, and Data**

1) Digital Identity

- **The first layer: digital identity**, the golden ticket to the world of digital finance. Having **an identity in the digital world as a door-opening for all electronic transactions** enables users to safely conduct financial transactions from anywhere and at any time. We're empowering our citizens with the National Digital ID platform (NDID). This system allows you to use your own data to verify your identity securely, building confidence and safety when applying for online services, whether with the government or companies.

As of 2023, there are over 17 million users enrolled and 2 million bank accounts opened via NDID.

- But it doesn't stop at the individual level. We're also taking things a **step further with digital identity for Corporates on TrustBiz platform. This initiative streamlines and digitalizes corporate financial transactions**, enabling firms, including SMEs, to be completely paperless in a trusted environment, and able to tap a pay-per-use services such as e- KYC, e-consent, e-POA, e-signature, and e-Document management.

2) Payment

- **The second layer: Payment – the backbone needed to lubricate all economic activities.** Imagine the world where payments are frictionless, borders are invisible, and everyone can move money fast, cheap, convenient, secure, and transparent. That's the future we're envisaging here in Thailand!
- **PromptPay, introduced in late 2016, is a fast payment infrastructure that has propelled us into a new era of digital payments.** Super-fast and convenient P2P transfers, using several

proxies such as mobile number or citizen ID, and at zero cost to both senders and receivers. Since then, **PromptPay has been a game-changer for Thailand's digital payment revolution.** Thanks to many confluences of factors, its popularity among Thais has been surging nationwide, and making PromptPay becomes one of the fastest growing payment services globally.

- Our latest data showed that in 2023, total value of funds transferred via **PromptPay amounted to 47 trillion baht (1,300 billion USD), which is more than double our GDP.** This number has grown by almost 10-fold over the last 5 years, surpassing our annual GDP since 2020. Transactions have grown significantly, in 2023, there are 63 million transactions, on average, per day, while the peak volume stood at 75.9 million transactions in Dec 2023.
- **Thailand was ranked first globally in real-time payments transactions per capita, because of PromptPay adoption.** Digital payments per capita has grown nine folds in the last 6 years to 538 times per year. An average ticket size continues to decline over the years and is now stood at 510 baht (14 USD) about half of the average ticket size when PromptPay started - which means PromptPay is increasingly used for low value transaction.
- **Thai QR standards is an overlay services that utilize our PromptPay rail.** We built the QR standard to be interoperable at the outset, allowing users to use any mobile banking apps to scan at merchant accepting a Thai QR from any providers. This means that here in Thailand you won't see a merchant having numerous QR decals (like in other countries).
- **QR is a low-cost payment acceptance alternative for merchants, as a QR logo can be printed on a piece of paper, no need for EDCs.** Moreover, there are no additional charges to merchants, and payments are credited to the merchants' accounts immediately. This has changed the way Thais make payments to merchants. You will now see Thais picking up their mobile phones rather than wallets, and scan QR code to pay for their daily transaction. - for meals, coffee, drinks, Tuk Tuks, etc. and even to donate in a temple.

- Leveraging on the success of PromptPay and QR payments - **we have taken PromptPay cross border, aiming to interlink and achieve payment connectivity across the region.**
- **As of now, we have Cross-border QR payments connection with 8 countries in Asia**, starting in 2018 with Japan, 2020 with Cambodia. 2021 Was a busy year for us as we connected with 4 more countries: Vietnam, Malaysia, Indonesia, Singapore. Then Hong Kong, last year, and Lao PDR just this month.
- Travelers from these countries can use their phones to pay like a local. I encourage you to try out these QR connections while you're here.
- In 2021, which was the busiest year, **Thailand and Singapore, also launched the world's first bilateral interlinking of instant payment systems:** connecting PromptPay – PayNow, to enable end-to-end interoperability, allowing us to send money to each other, 24/7, with just a mobile number, and at a much lower fee of less than 2% on average.
- We want to expand this benefit to cover more corridors - so that more people can send money to their loved ones across borders much faster and cheaper!
To achieve that, we have been working closely with **Singapore, Malaysia, Indonesia, and Philippines, and the BIS Innovation Hub on Project Nexus** - that could enable international payments/transfers to happen as quickly as sending a text message.
- **Nexus will be a robust infrastructure that lays the foundation for multilateral interlinking approach**, and in the medium-term, we aim to scale Nexus into a global cross border services that would further link ASEAN to the rest of the world.
- For Digital Currency: **The Bank of Thailand has experimented extensively with CBDC, both wholesale and retail.** The wholesale CBDC projects started from the Inthanon Project (2018) and then The Inthanon- Lion Rock Project (with HKMA in 2019), and now mBridge since 2021. In 2022, the mbridge includes 4 central banks and around 20 commercial banks, has first time tested real-value cross-border payments.

- The pilot has proven that the mBridge platform demonstrated the enhanced efficiency of cross-border transactions using multi-currency CBDC compared to the current system by eliminating the correspondent banking network, resulting in a substantial decrease in cross-border transfer times from 3-5 days to several seconds. And currently, we are approaching to Minimum Viable Product (MVP) level.
- **For retail CBDC project: The pilot was conducted last year. It encompassed end-to-end operation.** The pilot has proven that 1) retail CBDC system has a capability to serve as an alternative open infrastructure for retail payments, to enhance resiliency in the future. 2) retail CBDC can be an enabler for innovation, through the setting of programmable payment, using common functionality features. Given our current super-efficient retail payment, we see no need to issue retail CBDC at this juncture, but we will use **the insights learned from the pilot to apply to future studies on enhancing the payment system.**
- So, what's next? We envisage a future where payments become seamlessly integrated into your daily life, personalized to your specific needs. Please stay tuned to our **Enhanced Regulatory Sandbox, where we'll be exploring the potential of programmable payments**

3) Data

- On open data, it's our priority this year, and we are working closely with the industry to **develop data sharing platforms, data common standards, and also data analytics.**
- We plan to utilize all kinds of data to its fullest extent and are building the data ecosystem that supports innovation in financial services.
- First, we're empowering Thai consumers to harness the power of their data safely and efficiently and to leverage their digital footprints for the better finance. With strong security standards and user consent at the forefront.
- We're also exploring Open Banking APIs, secure gateways that allow authorized institutions to access your financial data (with your permission, of course!).

- Insights from Data analytics have always been our focus as we strive to do evidence-based policy. We are currently focusing on the use of AI and machine learning to counter fraud and scams.

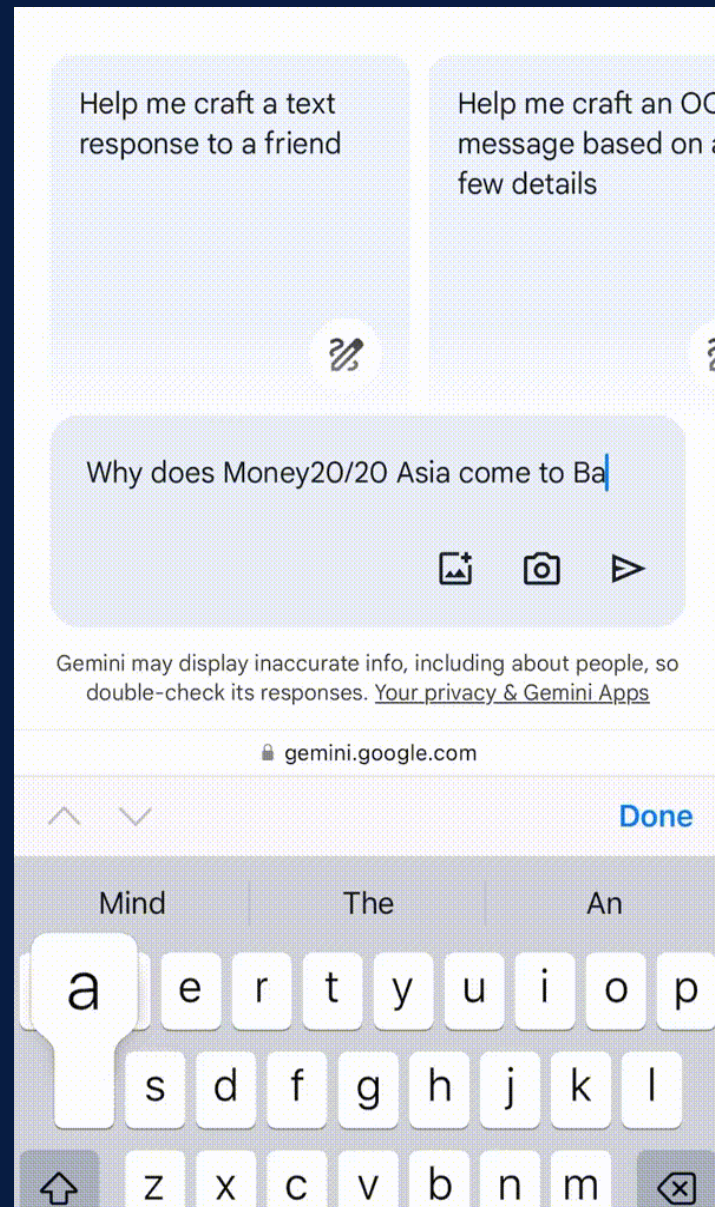
Conclusion

- Ladies and gentlemen, I hope to have given you a clearer picture of now and next for fintech in Thailand. More importantly, I do hope that you all agree with me that **Fintech development is not just about making money or finding business opportunities. It is about harnessing technology for the greater good**, for the higher purpose of building a better world for us all.
- While Asia's digital finance markets have seen significant growth, there are still ample opportunities. Cutting-edge solutions that can fill the remaining gaps will not only make money but will also bring a more inclusive finance and growth. Thereby providing firms with opportunities **to not only do well, but also do good at the same time.**
- And it is at the event like this where we can collaborate and do it together to deliver a more impactful outcome, unlocking the full potential of Fintech for a future where everyone wins.
- Together, let's leverage this platform to push the boundaries of Fintech and build a brighter financial future for all of Asia!
- I wish everyone a fruitful Money 20/20 and a pleasant stay in Bangkok. Thank you for your attention. ขอบคุณค่ะ

An aerial night view of a city, likely Bangkok, showing a complex multi-level highway interchange with many cars. The city lights are visible in the background under a dark blue sky. The text is overlaid in the center of the image.

**WHY DOES MONEY20/20 ASIA
COME TO BANGKOK ?**

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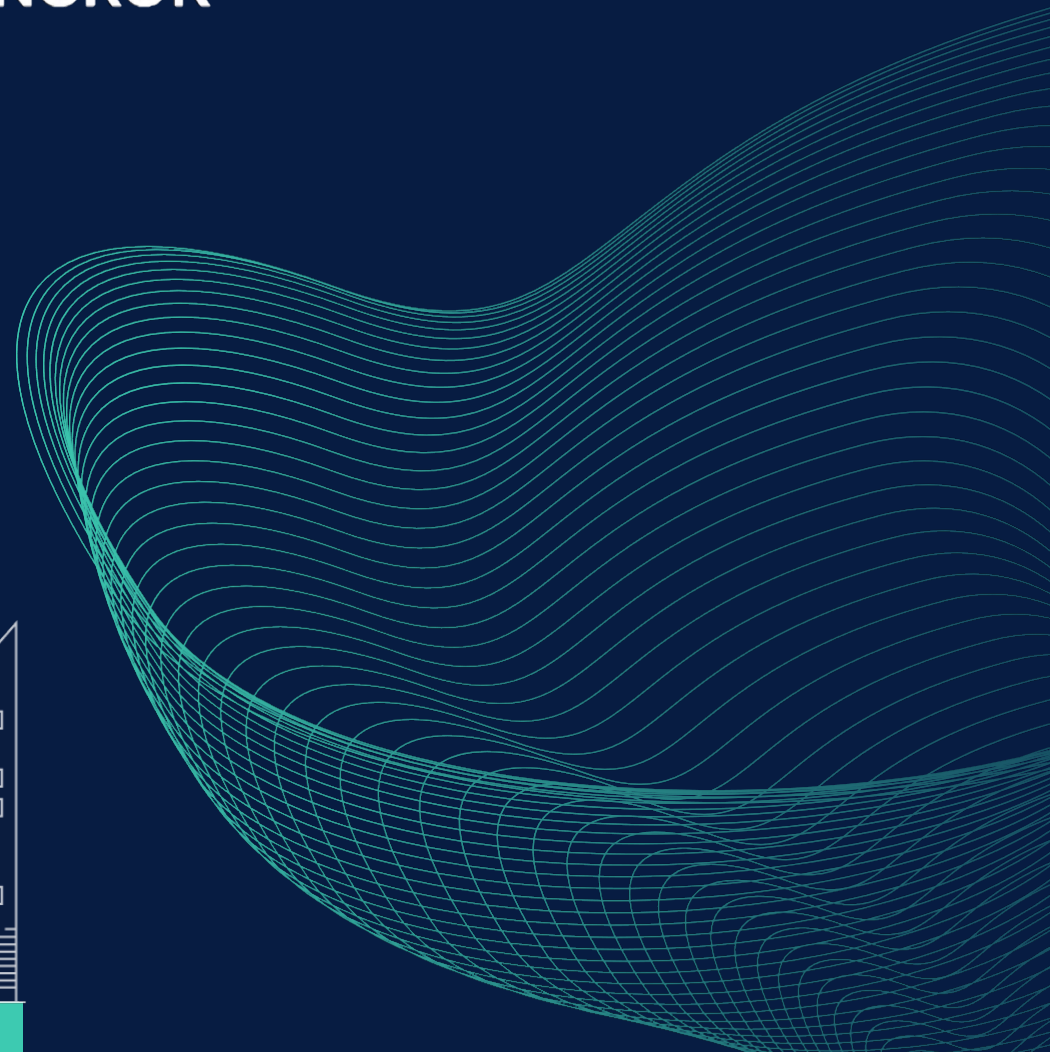
- **Thailand's rising fintech status:** Bangkok is becoming a recognized hub for fintech innovation in Asia, with a thriving entrepreneurial scene and dynamic investment opportunities [5]. Money20/20's presence helps solidify this position.
- **Asia's fintech leadership:** The region is a hotbed for financial technology, and Money20/20 recognizes Asia as a future epicenter for the industry [5]. By holding the event in Bangkok, they tap into this growing market.
- **Strategic location:** Bangkok is a major city in Southeast Asia, making it easily accessible to attendees from across the region. This allows Money20/20 to connect with a wider audience within the Asian fintech space.

Overall, Money20/20 Asia's decision to come to Bangkok reflects the city's and the region's growing importance in the world of financial technology.



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Thailand: Rapid Rise of Mobile Penetration Sparks Fintech Revolution, Empowering Financial Services



71.7 M

Population

63.2 M

Internet users

49.1 M

Social media users

97.8 M

Active mobile users

Ecosystem for Responsible Innovation

3 Key Imperatives

1. Productivity

2. Inclusivity

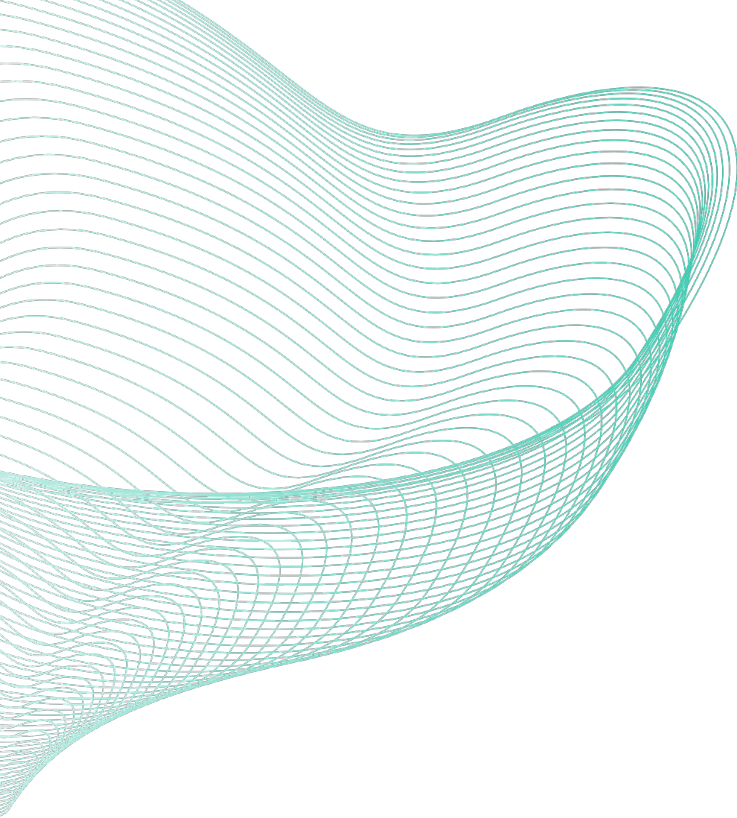
3. Immunity

3 Strategic Directions

1. Open Infrastructure

2. Open Data

3. Open Competition



Data



Payment

Key Infrastructure Layers



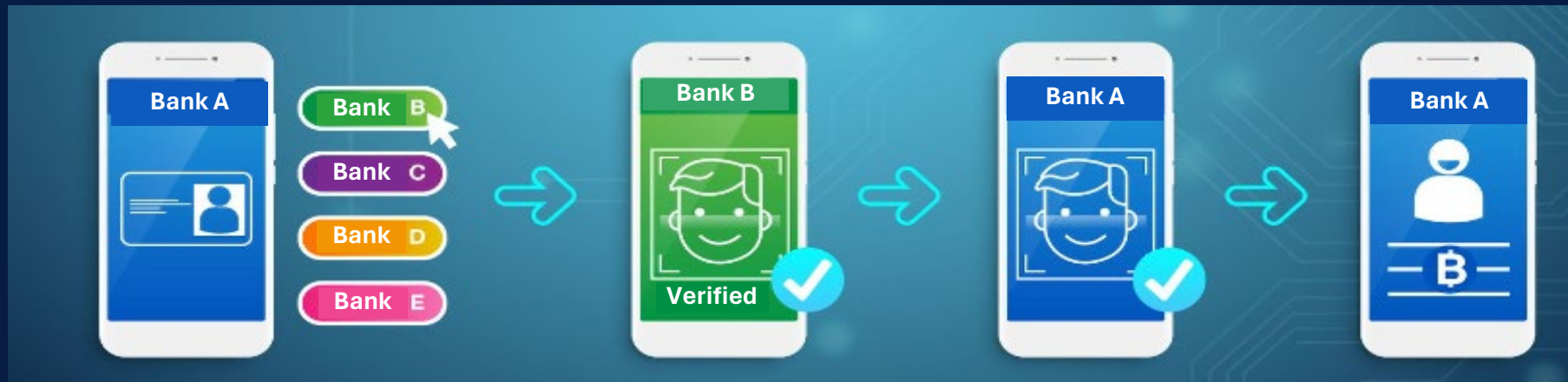
Identity

Identity

Identity

Payment

NOW



National Digital ID platform - NDID

2 M.

No. of bank accounts

17 M.

No. of customers

NEXT



Information Exchange



E-KYC for Corporate



E-Consent and Delegation management



Electronic Signature



E-Document Management

“TrustBiz Connex”

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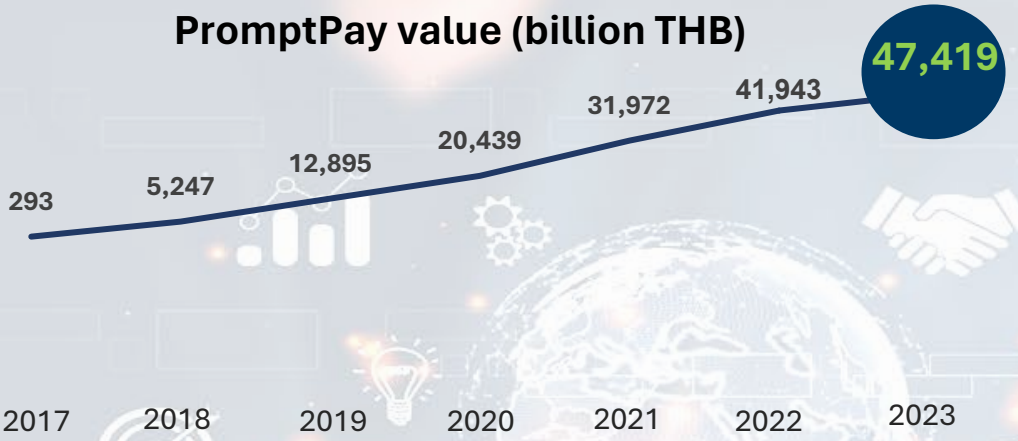
“Fastest & Cheapest”
Retail Funds Transfer



Thailand's Retail Payment

Retail Payment Statistics

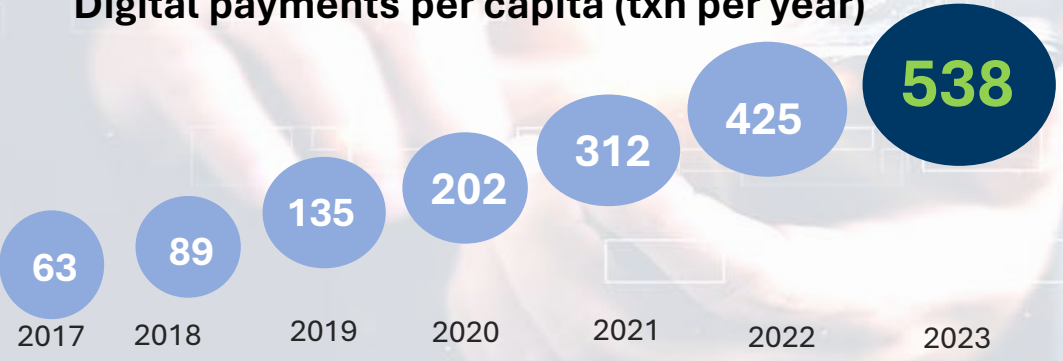
PromptPay value (billion THB)



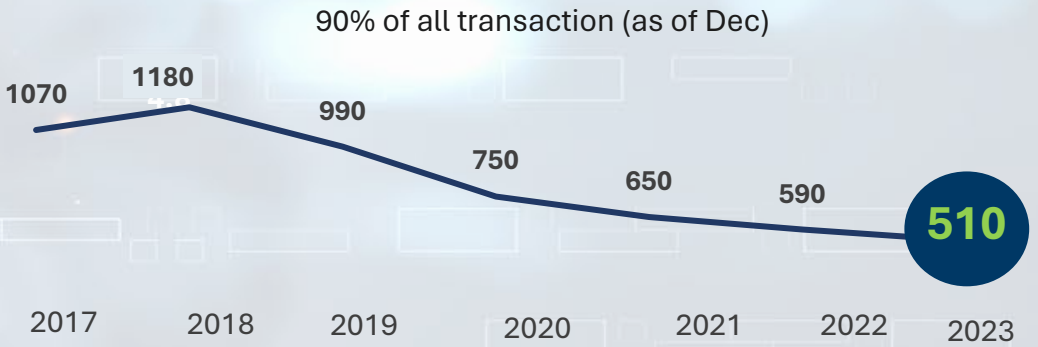
PromptPay transaction per day (million txn)



Digital payments per capita (txn per year)



PromptPay Ticket size (THB)



Thai QR Payment Use Cases

All merchants in our daily life

dessert café



wet markets



street vendors



cinema



shops



Transportation



motorcycle taxis



Bangkok Transit System (BTS)



Trains



Express Boats

Government



Hospitals



Schools



Temples



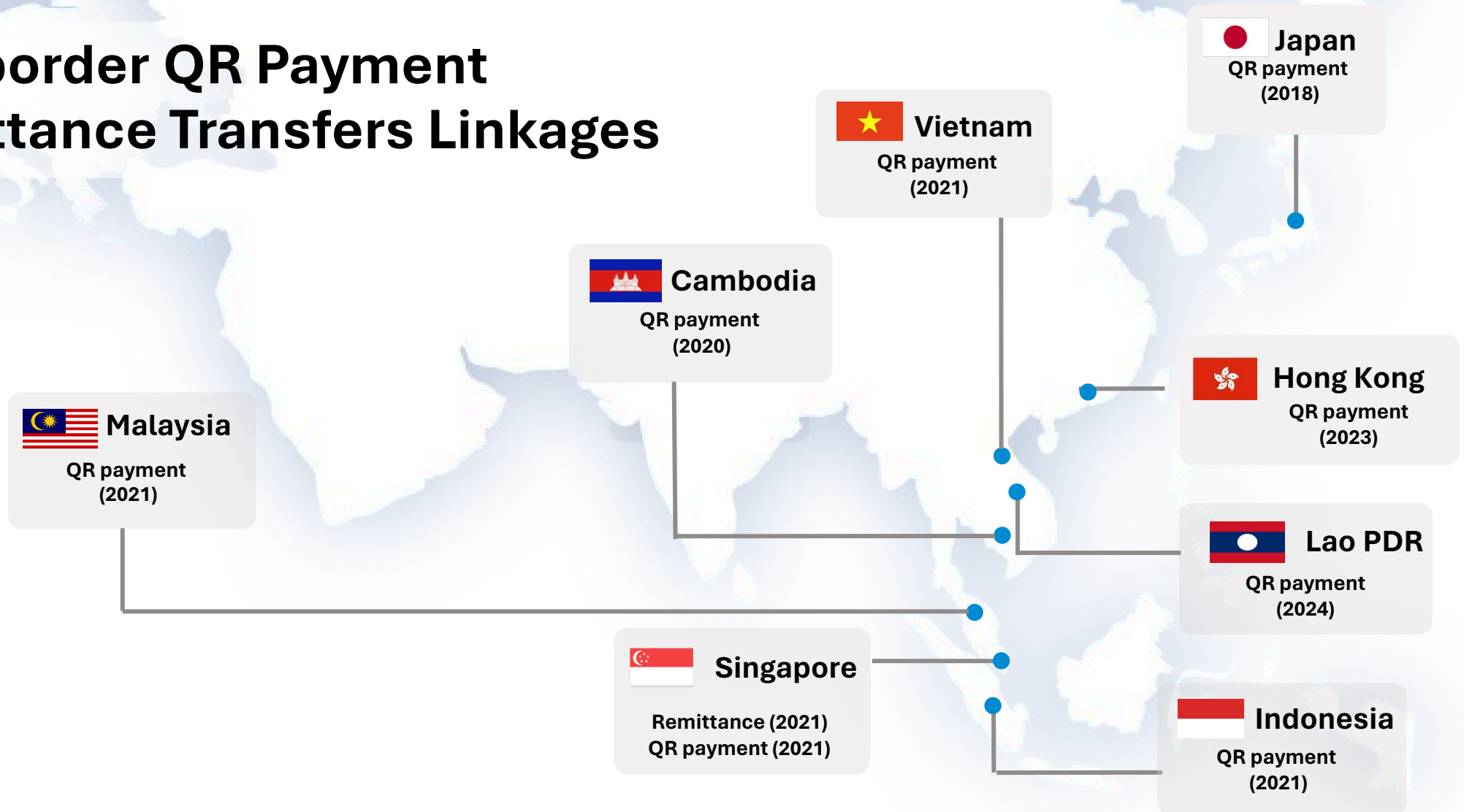
e-Donation



Tuk-Tuks



Cross-border QR Payment & Remittance Transfers Linkages



Payment

Identity

Payment

NOW



PromptPay

“Fastest & Cheapest”
Retail Funds Transfer

77.6

MILLION ID
REGISTRATIONS

61.1

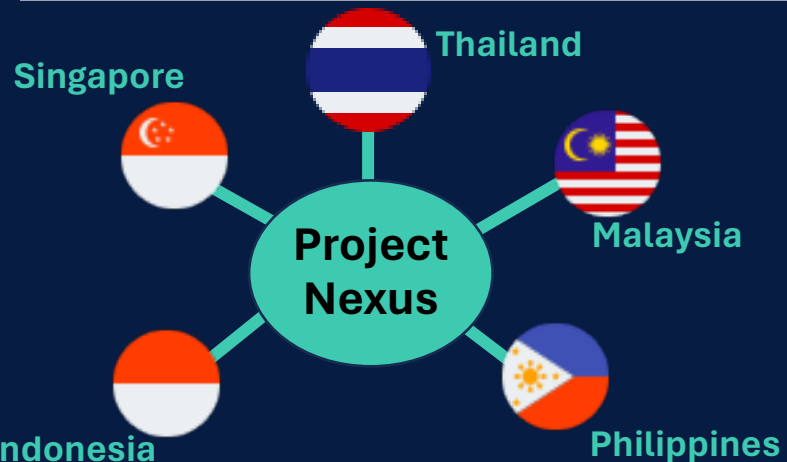
MILLION
TRANSACTIONS PER DAY

Cross-border Payments and Transfers

8 Countries



NEXT



CBDC

“mBridge”



Programmable Payment



Data

Identity

Payment

Data

Open Data

→ Data Exchange Standards

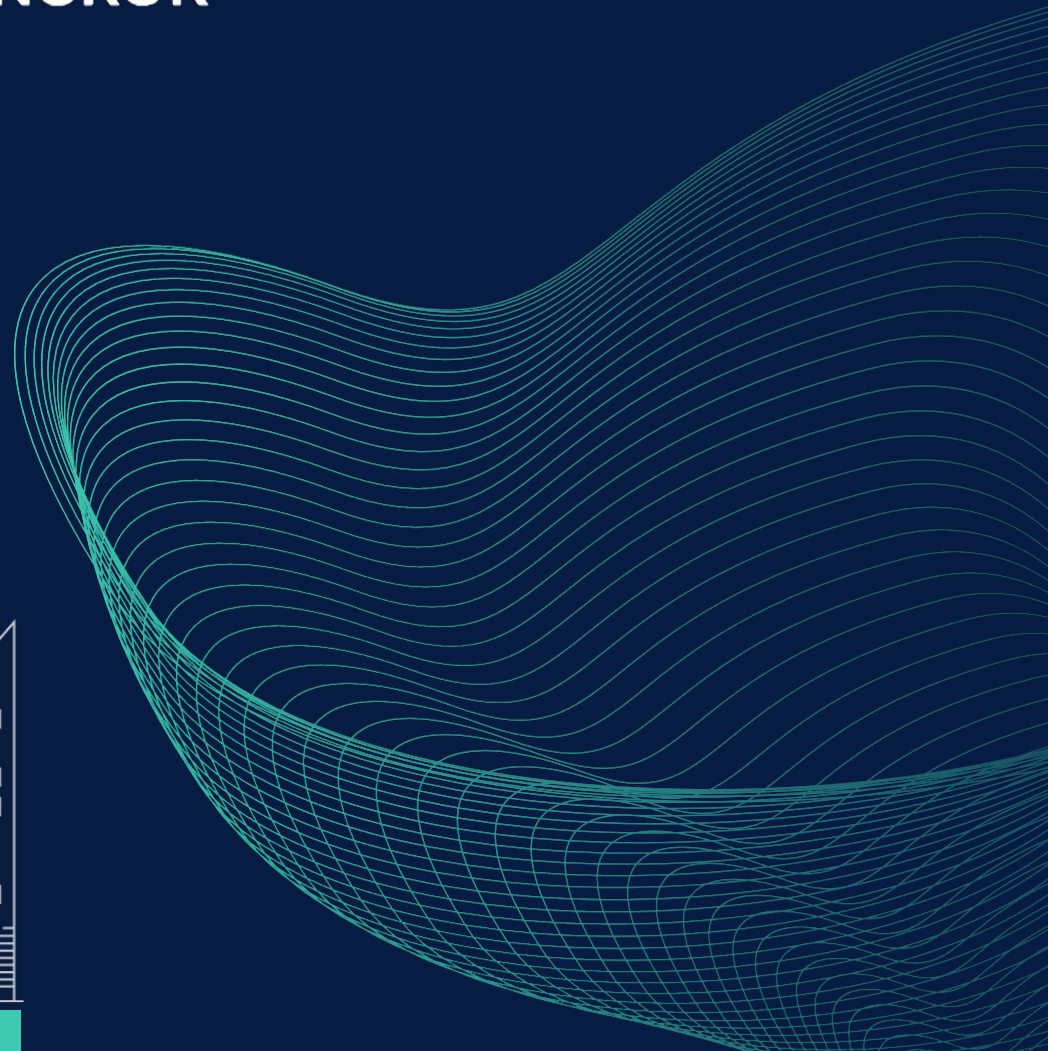
→ Data Sharing Infrastructure

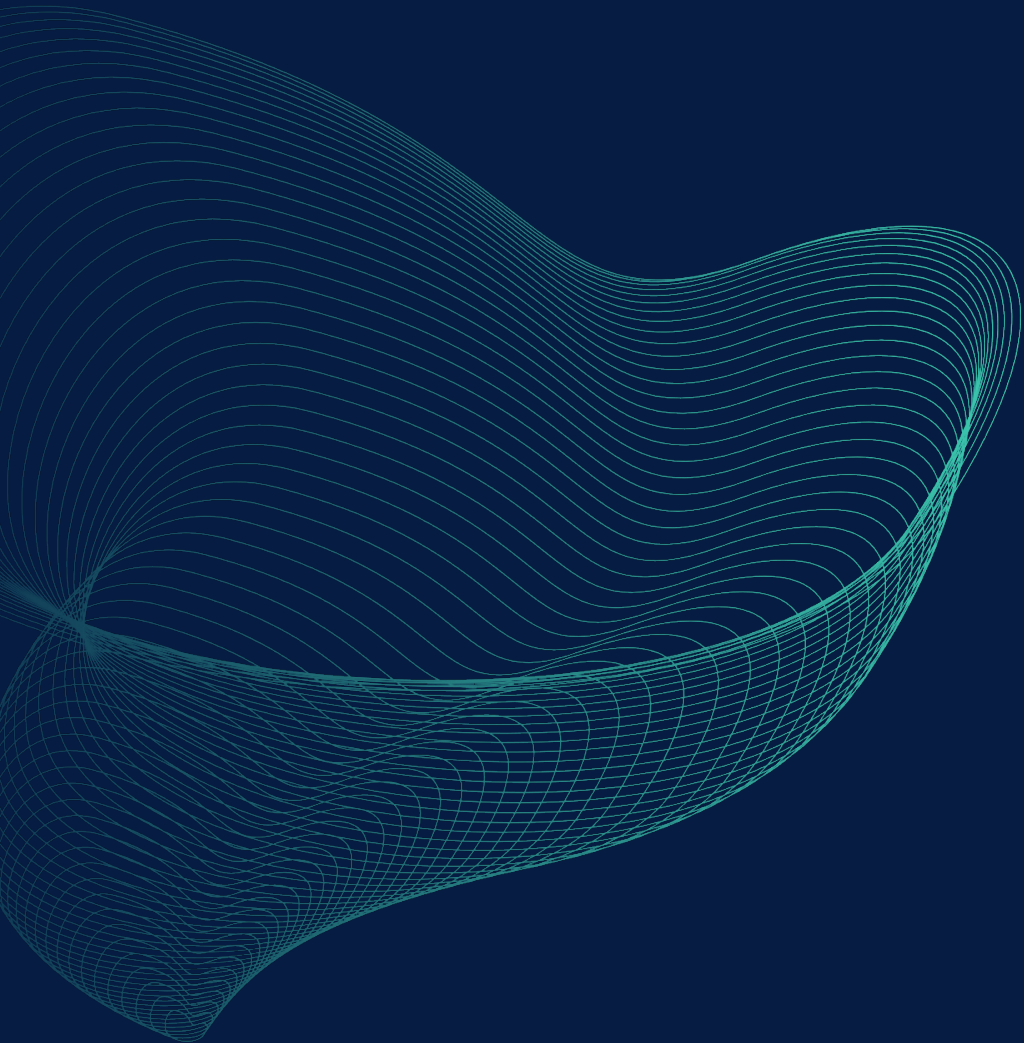
→ Data Analytics



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DO WELL

DO GOOD

DO IT TOGETHER.