With a global value of USD 589 billion in 2021, remittances from relatives working abroad are a lifeline to hundreds of millions of families across the world to send their children to school, make home improvements, set up small businesses or simply get by. Given the economic and social importance of remittances, the Sustainable Development Goals include the target of bringing the average transaction cost of migrant remittances to under 3 per cent by 2030. Although Asia and the Pacific on average needs to accelerate progress to achieve this target, the expansion of digitalization is providing new opportunities to lower the cost of international remittances. As noted in a 2021 ESCAP report, the average cost of sending a USD 200 remittance to Asia and the Pacific is under 4 per cent for mobile money transfers compared to over 7 per cent for bank account transfers.

Lower remittances costs can be further facilitated through the interlinkage of payment systems across countries. Such reduction in costs is possible because an interlinking arrangement allows banks and other payment service providers in different countries to transact with each other directly, without using intermediaries such as correspondent banks. Payments are not only cheaper but also can take place in almost real time, as opposed to traditional bank transfers, which can take a day or two. The world's first real-time cross-border transfer service, the “PromptPay-PayNow” payment linkage, was launched in April 2021 by Bank of Thailand and the Monetary Authority of Singapore. It allows cross-border transfers of up to $1,000 or THB25,000 at a cost of THB150. Thus, a transfer of USD 200 (THB 7,000) has a cost of only 2.1 per cent.

The purpose of this side event is to understand how PromptPay-PayNow works and to explore the possibilities for other countries to interlink their payment systems to reduce the cost and increase the convenience of cross-border payments. Regarding Prompt-Pay-PayNow, questions to be considered include the following: (i) What are some of the lessons learned from the establishment of the interconnected payment systems between Thailand and Singapore? (ii) What have been the main implementation challenges from a technical perspective and how were they addressed? (iii) What have been the main challenges from a regulatory perspective, including AML/CFT compliance and how they have been addressed?

Questions to explore possibilities of replication in other countries of the region could include the following: (i) What pre-requisites are needed for two countries to interconnect their payments systems, ranging from exchange rate regimes, technical preparedness, and degree of economic integration? (ii) Can payments integration be achieved multilaterally rather than only bilaterally? (iii) What is the role of regional cooperation arrangements such as ASEAN in facilitating such interconnections? (iv) What role could other regional organizations and ESCAP play in facilitating the interconnection of payments systems as part of its offering on digital connectivity?
Objective

The objective of this side event is to inform participants at the Third Ministerial Conference on Regional Economic Cooperation and Integration in Asia and the Pacific on the experience of Thailand and Singapore in linking their payment systems and to explore the extent to which similar bilateral approaches or multilateral approaches are suitable for other countries and subregions of Asia and the Pacific.

Tentative programme

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| 11:15 – 12:15 | **Opening remarks**  
Mr. Hamza Ali Malik, Director, Macroeconomic Policy and Financing for Development Division, ESCAP                                            |
|               | **How to interconnect national e-payments systems?**  
Douglas Arner, Kerry Holdings Professor, University of Hong Kong                                    |
|               | **The PromptPay-PayNow linkage between Thailand and Singapore**  
Bank of Thailand (TBC)                                                                     |
|               | **ASEAN’s Payments Policy Framework and Implementing Policy Guidelines**  
Member of ASEAN Working Committee on Payment and Settlement Systems (TBC)     |
|               | **Exploring regional cooperation on e-payments beyond ASEAN**  
Mr. Farhad Morsali Pavarsi, Secretary General, Asian Clearance Union |
|               | Q&A                                                                 |
|               | **Moderator**  
Mr. Alberto Isgut, Financing for Development Section, ESCAP |
