
Singapore, Thailand link real-time payment rails for faster, cheaper cross-border transfers

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THE Monetary Authority of Singapore (MAS) and the Bank of Thailand (BOT) on Thursday announced the linkage of both countries' real-time retail payment rails to facilitate faster and cheaper cross-border transfers.

The linkage of Singapore's PayNow and Thailand's PromptPay is the first instant cross-border payments infrastructure to be established globally, tackling key pain points such as high fees and long transaction times as with typical international remittances.

At the initial phase, customers of participating banks in Singapore and Thailand will be able to transfer funds up to S\$1,000 (or 25,000 baht) daily within a matter of minutes, using just their mobile phone numbers, said MAS and BOT in a statement.

The participating banks are DBS, OCBC and UOB, as well as four banks in Thailand (Bangkok Bank, Kasikorn Bank, Krung Thai Bank and Siam Commercial). MAS and BOT will progressively scale the network to include more participants and extend the transfer limits to facilitate business transactions.

The new PayNow-PromptPay linkage aims to halve remittance costs. Currently, an estimated 6.5 per cent of remittances goes to fees and charges. MAS and BOT said the participating banks have committed to benchmark their fees against the market.

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"The fees will be affordably priced and transparently displayed to senders prior to confirming their transfers. Senders will also be able to view the applicable foreign exchange charges prior to sending their funds, with these rates benchmarked closely to prevailing market rates," said the regulators.

The transfers will also be completed under five minutes - an improvement from the average of one to two working days needed by most cross-border remittance solutions.

MAS and BOT said the experience will be similar to how domestic PayNow and PromptPay transfers are made today, in which senders can use their mobile banking or payment applications to initiate fund transfers instantly and securely.

There is no need to populate information fields such as the recipient's full name and bank account details, as with normal remittance solutions.

The PayNow-PromptPay linkage is a key collaboration under the Asean Payment Connectivity initiated in 2019, and closely aligns with efforts by the G-20 (Group of Twenty), Financial Stability Board, and other international standard-setting bodies to facilitate "faster, cheaper, more inclusive and more transparent" cross-border payment arrangements, said MAS and BOT.

MAS managing director Ravi Menon noted that the PayNow-PromptPay linkage is "only the beginning", with broader ambitions to expand the network across Asean.

"MAS's shared objective with BOT is to work with our Asean counterparts to expand this bilateral linkage into a network of linked retail payment systems across Asean. With the rise of the digital economy, we want to empower individuals and businesses in the region

with simple, swift and secure cross-border payments through just a few clicks on their mobile phones," said Mr Menon.

Sethaput Suthiwartnarueput, governor of BOT, added: "Looking forward, the BOT will continue to promote innovation in cross-border payments and infrastructure to strengthen financial integration for the sustained well-being of the country and the Asean region."

Wee Ee Cheong, ABS chairman, deputy chairman and CEO of UOB, said: "We welcome the industry initiative to link PromptPay with PayNow as this will make cross-border funds transfers between Singapore and Thailand customers simpler and smarter. This initiative is also an important step to connecting payment systems across Asean at scale in the future, enabling more bank customers to send money to their friends and families and to pay for goods and services quickly, simply and safely across borders."

Lawrence Chan, chairman of Banking Computer Services, and NETS' Group CEO said: "For the first time ever, this innovative payment systems linkage will extend peer-to-peer payment frontiers beyond Singapore to Thailand. As the operator of PayNow and FAST, we are extremely proud to be part of this trailblazing effort to connect communities, essentially a world first to enable banks' retail customers to perform cross-border fund transfers using mobile numbers."

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