

Roong Mallikamas: From open finance to an inclusive digital society

Keynote presentation by Ms Roong Mallikamas, Deputy Governor of the Bank of Thailand, at the Money 20/20, Bangkok, 22 April 2025.

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Introduction: ASEAN's Fintech Potential

President of Money20/20 (Tracey Davies)
Distinguished guests

I'm honored to be here today at Money20/20 to discuss a topic that's crucial to the future of finance in ASEAN: "From Open Finance to an Inclusive Digital Society."

Our region, a vibrant mosaic of economies, presents an unparalleled opportunity for fintech innovation. With a combined population exceeding 650 million and a rapidly growing digital consumer base, the potential is immense.

ASEAN's digital economy is projected to reach over \$360 billion by 2025.¹ Yet, a significant portion of our population remains unbanked or underbanked. For instance, studies indicate that over 60% of adults in some ASEAN nations lack access to formal financial services.² This substantial underbanked segment represents a critical opportunity for fintech to provide relevant and accessible solutions.

The reasons for this underbanking are multifaceted, often stemming from limited data availability for credit assessment, a lack of transparency in financial product offerings, and poor interoperability between existing systems. These factors collectively contribute to a high cost of customer acquisition for traditional banks, hindering their ability to effectively serve these populations. Fintech, with its agility and data-driven approaches, is uniquely positioned to overcome these barriers, fostering greater financial inclusion and driving economic growth by empowering our communities with seamless access to tailored financial tools and services.

Thailand's Context and the BOT's 3 Opens

Ladies and Gentlemen.

Policy objectives for driving inclusive digital finance often involve balancing the trilemma of stability/safety, efficiency, and inclusion. And to clarify what we mean by inclusion, it goes beyond simply having a bank account. It's about ensuring that everyone – individuals, small businesses, and marginalized communities – can access and utilize appropriate financial services like payments, savings, credit, and insurance in a convenient and affordable way. This is the vision we strive for in ASEAN, and each country prioritizes these elements of the trilemma with its own context and evolving needs.

Initially when developing PromptPay which is our national real-time payment system, Thailand focused on driving inclusion and maintaining stability,. Now, we emphasize

competition and efficiency, recognizing that smaller, agile players – fintechs and new entrants – are often better positioned to innovate and address the diverse, unmet needs of specific customer segments due to their nimbler structures and specialized focus. This competition, while maintaining system safety, can lead to more tailored and accessible financial solutions that larger, established institutions may find challenging to deliver efficiently across all demographics. Thailand's journey provides some lessons learned on how policy objectives have shifted and henceforth led us to pursue the '3 Opens' as our strategic priorities-Open Competition, Open Infrastructure, and Open Data.

- Open Infrastructure: Promotes interoperability and seamless connectivity, enabling efficient financial transactions.
- Open Data: Facilitates data sharing and collaboration, driving the development of personalized financial solutions.
- Open Competition: Encourages new players, fostering innovation and enhancing consumer choice.

Let's delve deeper into each of these "3 Opens".

Analyzing the 3 Opens: Rationale and Way Forward

[1 From PromptPay to Open Infrastructure]

In 2015, we aimed to promote inclusion through digital payments, leading to the development of PromptPay with the following regulatory constructs at that time with banks only: welfare and tax refunds, low fee, standardization, safety/stability.

Economically, a payment infrastructure is a natural monopoly, which is amplified by economies of scale, network effects, and data accumulation. Therefore, key infrastructure needs to be regulated, especially for fair access, pricing, etc. to ensure cost efficiency of the payment flows through the infrastructure. The initial restriction on non-banks participating in the infrastructure was a lesson learned. Although this strategy led to high adoption rates and a stable system, it inadvertently stifled innovation among existing players, who faced less competitive pressure to evolve their offerings. This is a key factor driving our current emphasis on opening up the infrastructure.

Currently, we aim to place more emphasis on efficiency, enabling Open Infrastructure by allowing non-banks to play a role in providing services that enhance access to digital finance for underserved groups. Therefore, the BOT will enhance the oversight of Systemically Important Retail Payment Systems (SIRPS), aligning with central bank practices abroad, such as the European Central Bank. Key regulatory criteria include membership and access rules, and fee structure. Thailand's broad payment strategy is that "payment should be broader than payment". BOT hence focuses on Open payment infrastructure and Open payment data for better access to finance.

[2 Leveraging data and technology with Open Data]

Having witnessed the transformative impact of PromptPay's widespread adoption in retail fast payments, We are now strategically focusing on the next critical layer of

digital infrastructure. Our priority is to put in place data sharing infrastructure, recognizing its pivotal role in driving further innovation and efficiency within the financial ecosystem.

Open Data is not just about technology. It's a catalyst for financial inclusion. Currently, customer data is scattered across various service providers and agencies. If there is a mechanism allowing customers to easily request their service providers and agencies to share their data to other service providers and agencies, it will enable customers to better utilize their data to receive improved financial services.

BOT pursues Project 'Your Data' to empower customers to have their own financial information and non-financial data portable to another service provider based on customer consent. Our priority use cases are access to credit and personal financial management as they still pose significant gaps in our financial system. Therefore, the data that serve such use cases include payment history, account balance, investment holdings, and government data such as tax filing information and utilities usage. By enabling secure and seamless data sharing, we're empowering individuals and SMEs, particularly those traditionally underserved, to access tailored financial services and participate fully in the digital economy.

[3 Open Infrastructure and Open Data as foundation for Open Competition]

With the imminent launch of Project Your Data, we are establishing a robust supply of data within the financial ecosystem. Simultaneously, the Bank of Thailand is actively fostering demand by enabling financial service providers to innovate and compete on offering enhanced loan products and personal financial management solutions. The introduction of the new virtual banking license will empower digital-native players with tech-focused solutions to fully capitalize on this data sharing infrastructure. Furthermore, the soon-to-be-established National Credit Guarantee Agency will integrate this very data sharing mechanism to enhance its operations and support broader access to credit, especially for underserved SMEs.

With robust infrastructure and data sharing as the bedrock, all players – banks, fintechs, and virtual banks – can operate at their full capacity in an Open Competition, driving innovation and enhancing financial services for underserved communities. Fintechs, leveraging technology with greater agility and often a higher risk appetite than traditional institutions, can better cater to specific customer needs within these segments. For example, they can utilize alternative data for credit scoring individuals with limited traditional credit history, create tailored digital platforms for efficient invoice financing and supply chain management solutions, or offer integrated accounting and payment systems that streamline operations and improve cash flow for small businesses.

As we encourage new players to drive competition and expand financial inclusion, including these fintechs with their enhanced technological capabilities and willingness to navigate higher risk for underserved segments, we acknowledge the inherent risks associated with novel technologies. Beyond foundational technologies like digital assets and tokenization, fintechs are pioneering areas such as blockchain-based trade finance platforms that can reduce costs and increase transparency for SME cross-border transactions, and data analytics tools that provide SMEs with valuable insights for better

financial planning and access to tailored financial products. Our regulatory approach must therefore truly consider both the transformative potential and the evolving risks these innovations present, ensuring a balance between fostering access and maintaining stability.

[4 Regulatory approach to embrace the new technology by collaboration]

Building on this foundation of open infrastructure and data, which empowers a diverse ecosystem of players, including agile fintechs uniquely positioned to serve underserved segments, our journey is one of continuous learning and adaptation. We recognize that the financial technology landscape is rapidly evolving, and no single entity holds all the answers. Therefore, our approach moving forward is deeply rooted in collaboration. We are committed to working hand-in-hand with the industry, including our fintech community, to refine our policies and navigate the complexities of this dynamic environment. Furthermore, we actively seek to learn from the experiences and best practices of both regulators and innovative fintech companies across the ASEAN region and beyond, fostering a collective understanding that will shape a resilient and inclusive financial future for all.

[Collaborative Learning and Adaptive Guardrails]

Drawing upon our internal explorations with cutting-edge technologies like CBDC, we are now extending this spirit of learning and adaptation to the wider financial industry. Recognizing that innovation, especially from new players, can yield unpredictable outcomes, our approach centers on establishing clear 'guardrails' – collaboratively defining the boundaries to prevent systemic risks while allowing for experimentation. This ensures a resilient financial system that can safely accommodate novel solutions.

[Enticing Innovation through an Evolving Regulatory Sandbox]

A key element of our collaborative strategy is our Enhanced Regulatory Sandbox. This controlled environment is specifically designed to attract fintechs and innovators to Thailand, offering a safe space to test ideas where risks are still being understood. Our initial focus includes Programmable Payments, demonstrated by the 'Tourist Wallet' application enabling USD stablecoin conversion to THB stablecoin for limited tourist spending, and 'Programmable Escrow Payments' designed to enhance trust and transparency in online commerce by automating fund release upon condition fulfillment. These real-world examples showcase the tangible opportunities within our sandbox.

[A Streamlined Sandbox for Agile Collaboration]

We understand that a cumbersome sandbox can stifle innovation. Therefore, we are actively transforming our Enhanced Regulatory Sandbox to be more agile and accessible, with expanded scope, reduced compliance burdens, and significantly faster processing times – aiming for a 6-to-12-month timeframe for projects like Programmable Payments. By opening our sandbox to both regulated and unregulated entities, we aim to foster a vibrant collaborative space where knowledge sharing and rapid iteration can occur. The valuable lessons learned within this sandbox will directly inform our evolving regulations, ensuring they remain relevant and supportive of a dynamic digital finance ecosystem in Thailand.

Conclusion: Building a Future-Ready and Inclusive ASEAN Fintech Ecosystem

In closing, the journey we've outlined today underscores the Bank of Thailand's unwavering commitment to fostering a dynamic and inclusive digital financial landscape within ASEAN. We firmly believe that by strategically embracing the '3 Opens' – Open Competition, Open Infrastructure, and Open Data – we can unlock the immense potential of digital finance to address the unique needs of our diverse populations, particularly the underserved.

Our experience, from the foundational success of PromptPay to the ongoing development of Project Your Data and our cautious exploration of new technologies within our enhanced Regulatory Sandbox, represents our attempt to learn and adapt. We understand that real progress requires not only innovation but also a continuous focus on resiliency, security, and responsible growth.

The path ahead necessitates continued collaboration – between regulators, financial institutions, fintech pioneers, and the very communities we aim to serve. By working together, sharing insights, and learning from each other's experiences, we can collectively build a future-ready ASEAN fintech ecosystem that is not only innovative and efficient but also truly inclusive, empowering individuals and businesses across our vibrant region to thrive in the digital age.

Thank you.

¹ ERIA, 2023. ASEAN Digital Community 2045. ERIA Discussion Paper Series

² 64% of 25+ adults in East Asia & Pacific (excluding high-income countries) have never borrowed from a formal financial institution (e.g. 79% in the Philippines, 66% in Thailand and Cambodia, 89% in Lao PDR) (World Bank Global Findex Database, 2021)