

The Evolving Global Payments Landscape: Challenges and Opportunities for Australia and the Broader Asia-Pacific Region

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Introduction

Good afternoon, and welcome to Sydney. It's a pleasure to host this important dialogue between the CPMI and industry leaders at a time of rapid change in the payments landscape. There is an ever-increasing demand from end users to make payments safer, more efficient, seamless, and capable of integrating into other processes. Technological innovation provides significant opportunities to meet these needs. At the same time, fraud, scams, and cyber threats continue to evolve, giving rise to new challenges to the safety and stability of payment systems. There has never been a more important time to discuss these issues.

Today I would like to share some perspectives for the Asia-Pacific region on some of the key opportunities and challenges, particularly in relation to cross-border payments, the emergence of new forms of digital money, and the resilience of the payments system.

Enhancing cross-border payments in the Asia-Pacific

Businesses and households need efficient, competitive and safe ways to send and receive money across borders. But despite rapid growth in international commerce, cross-border payments services remain expensive, slow and opaque relative to domestic payments. This is of course a global problem, but the strong financial relationships and vast flows of trade and people within the Asia-Pacific region mean that there are substantial gains to be unlocked by enhancing cross-border payments in our region.

Australia is committed to making cross-border payments cheaper, faster, more transparent and more accessible under the G20 Roadmap. We and other regulators have been working together with the Australian payments industry to improve cross-border payment outcomes through a few key initiatives to boost transparency and uplift domestic payments infrastructure.

Australia has made good progress on transparency in recent years through industry adherence to the Australian Competition & Consumer Commission's (ACCC's) Best Practice Guidance on how

international money transfer providers should display information to consumers. This, together with greater competition from non-bank providers, has helped to push down costs for international money transfers in recent years.¹ In 2024 the ACCC published revised guidance which should help make it simpler for consumers to compare providers' price and speed offerings.²

A priority for the RBA has been engaging with industry over the adoption of richer data and new capabilities for Australia's cross-border payments infrastructure. There are two key initiatives with the potential to shift the dial here.

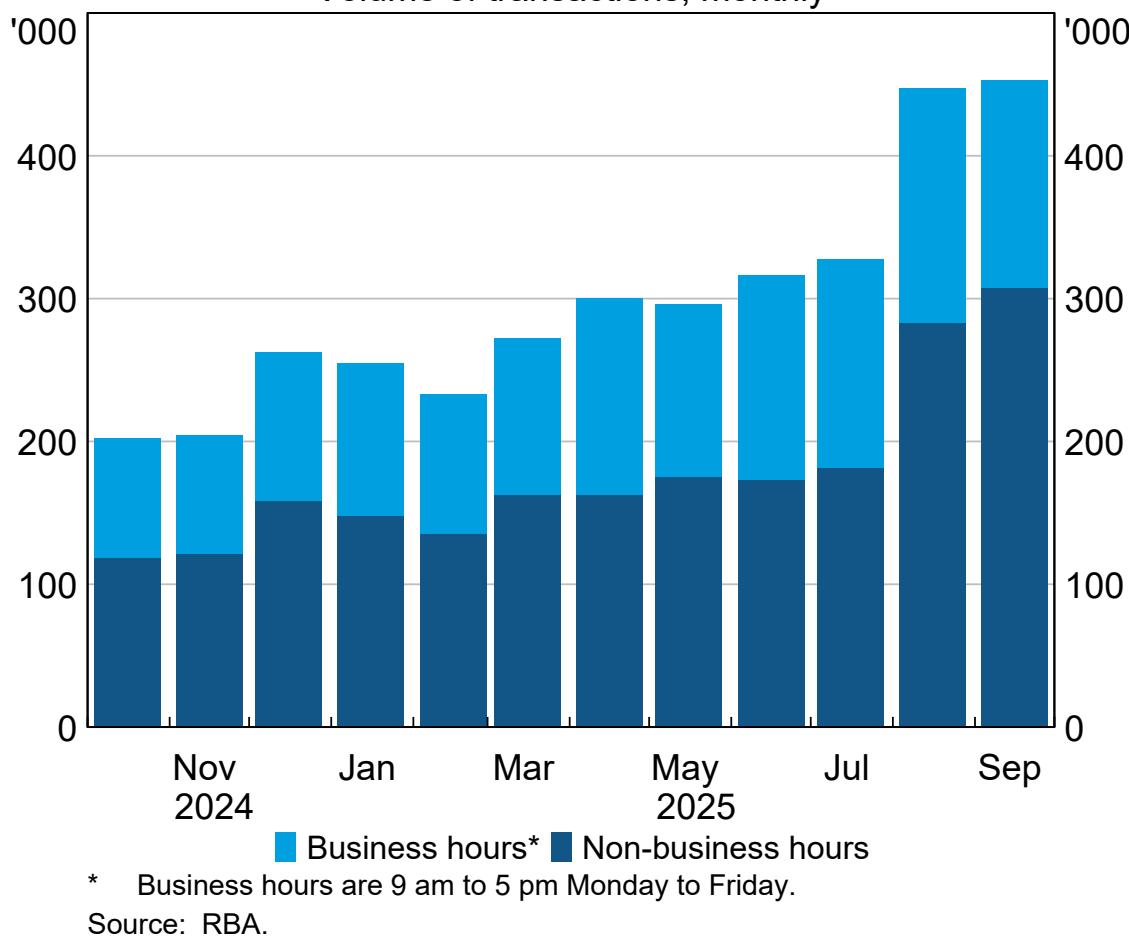
The first is the adoption of the CPMI's internationally harmonised payments messaging requirements based on the ISO 20022 messaging standard. As you know, global use of richer harmonised messaging will reduce the need for manual intervention, which should in turn lower costs and speed up cross-border payments. The RBA has set an expectation that the relevant Australian payment systems adopt these requirements by the global timeline of end-2027. We are tracking the industry's progress towards this goal through regular surveys and ongoing engagements, and reporting this information to our Payments System Board.

The second, which is already in place, is the International Payments Service (IPS) on the New Payments Platform (NPP), Australia's fast payment system. This service allows the final Australian dollar leg of inbound cross-border payments to be processed on a near real-time 24/7 basis. It also enables more complete payer information to be sent with the payment for compliance screening purposes. The volume and average value of IPS payments has grown substantially over the past year, and importantly, many of these payments are being sent outside standard business hours (Graph 1). This is helping to speed up payments coming into Australia, benefitting financial institutions and their customers.

Graph 1

NPP International Payments Service

Volume of transactions, monthly



Another way to leverage domestic fast payments systems to enable more seamless cross-border payments is to link those systems up. The RBA has collaborated with industry participants on an exploratory analytical study about the benefits, design considerations and challenges involved.³ We are also monitoring the advancement of interlinking initiatives closely. Some countries in the Asia-Pacific region have established bilateral connections between their fast payment systems. And several ASEAN countries and India recently launched a multilateral scheme, Nexus Global Payments, to standardise the way that fast payment systems connect to each other.

Enabling access to cost-effective remittances for the South Pacific countries remains a high priority for Australia, as many families in the region rely on remittances as a key source of income. But remittances to our South Pacific neighbours tend to be slow and costly, in part due to a lack of transparency and competition between providers. To facilitate greater transparency, the Australian Government has supported the development of the Send Money Pacific website which allows people to compare providers' prices and the speed of services to send money to 11 countries in the region.

More broadly, South Pacific countries currently face considerable challenges maintaining access to correspondent banking relationships. A key concern for correspondent banks is the substantial costs involved in providing these services, including complying with regulatory requirements to detect and prevent financial crime. Australian authorities have been supporting Pacific countries in the region with

a range of regulatory and banking initiatives, including working together with Australian banks to ensure the ongoing provision of retail banking services in South Pacific countries.

Potential for new forms of digital currencies to boost efficiency of cross-border payments and financial markets

Technological advances are not only improving existing payment processes, they are also enabling the emergence of new forms of digital money.

Central banks across the world are at various stages of exploring the potential role of digital currencies, including central bank digital currencies (CBDCs), in the financial and payments system. The RBA and other Asian central banks have led or participated in cross-country initiatives involving the use of CBDCs. One such initiative was Project Dunbar, led by the BIS Innovation Hub, which explored using CBDCs from multiple countries to facilitate cross-border payments.

Many jurisdictions have also considered the potential use of CBDCs to support financial market transactions. The RBA, for example, is exploring the role of different forms of digital money in domestic wholesale tokenised asset markets through Project Acacia. The learnings will help the RBA to understand the role it can play in supporting the development of tokenised asset markets in Australia. For example, whether there is a role for wholesale CBDC to support settlement, or whether enhancements to existing payments infrastructure are required.

At the same time as CBDC research has been progressing, stablecoins are also gaining prominence. Globally, issuance has so far been dominated by US dollar-denominated coins, but stablecoins linked to Asia-Pacific currencies are also growing. While their origins lie in crypto-asset trading, their potential applications now extend well beyond that space. For example, there has been interest from retailers such as US Amazon for customer payments. And stablecoins are now being used in some jurisdictions for people to get exposure to US dollars without having to hold a US dollar bank account or physical currency. In other words, stablecoins are presenting opportunities in the payments and monetary system.

But stablecoins also present risks. If they are not fully backed by high-quality liquid assets, stablecoins can expose holders to losses. An example is the 2022 collapse of the TerraUSD stablecoin, which used an algorithm rather than high-quality liquid assets to maintain its value. Addressing the risk of fraud and financial crime is also challenging because of the speed, complexity, opacity and the global nature of the distributed ledger platforms used for stablecoins. Depending on how large the market becomes, there might also be implications for financial stability. The potential impacts on commercial banks and the markets for backing assets, particularly in times of stress, are complex issues that require careful consideration. For some jurisdictions, rising use of foreign currency denominated stablecoins may also raise concerns about the sovereignty of domestic currencies. Large scale currency substitution could be problematic because the interest rates over which a central bank has influence would become less relevant.

So how do we reap the benefits of stablecoins while managing these risks? It will require careful regulation that doesn't stifle innovation but addresses the risks. Some Asia-Pacific jurisdictions, such as Japan and Singapore, were among the first to develop, and in Japan's case implement, regulatory frameworks, providing clarity on the role of stablecoins in their financial and payments landscapes. Australia, like several other jurisdictions, is currently progressing its regulatory framework for stablecoins. As these new frameworks develop, there is an emerging question for us, as a global community, around how we drive consistency across regimes. Minimising opportunities for regulatory

arbitrage will be important for managing risk and for promoting confidence in stablecoins as a monetary innovation.

Heightened focus on resilience and safety in the payments system

In a recent speech the RBA's Assistant Governor Brad Jones spoke about the need to uplift resiliency in the payments system, while balancing and enhancing the capability to innovate.⁴

In this rapidly evolving landscape, the resilience and safety of our payments system is critical. Both well-established and emerging payment systems depend on complex technology and infrastructure and, often, on a small number of third-party providers. This concentration risk, combined with heightened geopolitical tensions, underscores the need for robust contingency planning. The RBA is working with banks and payment providers to ensure essential transactions can continue even in the face of severe disruption. Interoperability between systems is critical – not only does it give consumers choice in normal times, but it provides fallback options when systems fail. Likewise, managing third-party risk is no longer optional; it is central to maintaining trust in the system. Our goal is to create a payments system that not only withstands disruptions but grows stronger because of them – learning from each challenge to implement measures that continuously enhance resilience.

At the same time, safety remains a top priority. Fraud and scams are a pressing concern around the world. Australians lost around \$2 billion to scams last year, down from \$2.7 billion in 2023 – a significant improvement, but still far too high. This progress reflects combined efforts of industry, government and the National Anti-Scam Centre, to boost community awareness, share scam data and disrupt specific scam types. Industry measures such as stronger customer alerts and putting higher-risk payments temporarily on hold are also having a positive effect. These steps introduce frictions to the system. But they help to protect consumers and maintain trust in digital payments, which is crucial to fully realise the benefits of our payment systems. Again, we need to balance benefits and costs of fast, efficient payment systems.

One area of promise is the rollout of 'Confirmation of Payee' functionality. This feature enables payers to verify that the name of the recipient matches their expectation before funds are transferred, which is important for preventing mistaken payments and reducing the incidence of scams. In Australia this functionality was already in place for NPP payments made using the PayID service, which allows payments to be addressed to an account alias such as a mobile phone number or email address. It is now also being extended to payments addressed to account numbers. At the international level, the Committee on Payments and Market Infrastructures has also prioritised this issue, recognising the complexities introduced by cross-border transactions.

Throughout all this, we must remain mindful of balance. Enhancing resilience and safety is essential, but we also need to support efficiency and innovation. Our objectives as regulators of payment systems are to promote safety, efficiency, and competition. These objectives are not mutually exclusive. By embedding resilience and safety into the design of our systems, we endeavour to achieve all three.

Conclusion

The world of payments is changing rapidly, and the opportunities and challenges we're seeing in Australia and across the Asia-Pacific are not unique. They are mirrored around the world. Whether it's improving cross-border payments, exploring new forms of digital money, or strengthening system resilience, these are global conversations.

The Bank is committed to continuing to work closely with other central banks, regulators, and the industry to shape the future of money and payments. By working together, we can build payment systems that are safer, more efficient, and future ready.

Thank you.

Endnotes

* I would like to thank Elizabeth Kanelas, Emma Bouvier, Trent Hardy and Shirley Huang for excellent assistance in preparing these remarks.

1 ACCC (2024), ['Transparency and competition in international money transfer services'](#), 30 July.

2 ACCC (2024), ['Best Practice Guidance: for foreign cash and international money transfer services'](#), October.

3 RBA (2024), ['Interlinking Fast Payment Systems for Cross-border Payments'](#), April.

4 Jones B (2025), ['Anti-fragility and the Financial System'](#), Opening Remarks to FINSIA: The Regulators, 12 September.