

Abdul Rasheed Ghaffour: Launch of the Cambodia-Malaysia cross-border QR payment linkage

Remarks by Mr Abdul Rasheed Ghaffour, Governor of the Central Bank of Malaysia (Bank Negara Malaysia), at the Launch of the Cambodia-Malaysia Cross-border QR Payment Linkage, Phnom Penh, 19 September 2024.

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Arun Suosdei and good morning.

First and foremost, thank you National Bank of Cambodia as well as Maybank for having me today. I am honoured to be here, as we celebrate an important milestone – the launch of the cross border QR payment linkage between Cambodia and Malaysia.

When Governor Chea and I met in February earlier this year on the occasion of the official visit of the Prime Minister of Cambodia to Malaysia, one thing that we discussed was how the people and businesses of both Cambodia and Malaysia could benefit from more efficient cross-border payments, building on the solid foundations of our respective domestic payment systems. The goal being to make payments across borders, including between Malaysia and Cambodia, cheaper, faster and more accessible and transparent to all users.

With this in mind, both our central banks made a commitment to further improve cross-border payments, among others, by signing an MOU on cooperation in payment systems and innovation. One of the key deliverables in this MOU is establishing a bilateral instant payment linkage between both countries to address these gaps.

I am delighted to see that the first phase of the QR payment linkage between Malaysia and Cambodia going live today, just six months since the MOU signing. In this first phase, Cambodians traveling to Malaysia can now enjoy a secure, simple and swift experience to pay for goods and services by simply scanning our DuitNow QR codes.

This achievement is surely a testament to the close cooperation and strong ties between our two countries. It also reflects the collective experience and clear benefits gained by many of us across ASEAN that have been pursuing various payment connectivity initiatives over the last few years. It is this experience that has reinforced our commitment to create seamless cross-border payment connectivity across ASEAN.

It is remarkable that this link was established in a short time, and indeed, our launch today would not have been possible without the tireless efforts from all of you in pushing our digital payments agenda forward.

Ladies and gentlemen,

We are confident that this QR linkage will bring enormous benefits to consumer and businesses in both our countries given the encouraging growth experienced with our bilateral payment linkages with other ASEAN partners. The total volumes for our live QR linkages with Thailand, Indonesia and Singapore in the first half of 2024 have already surpassed volumes recorded for the whole of last year by more than twofold.

Over two million DuitNow QR merchants in Malaysia, mostly small businesses, are poised to benefit from a wider user base by being able to accept QR payments from foreign tourists including Cambodians. Likewise, once the inbound leg into Cambodia is up and running in the next phase, Cambodian merchants will also be able to enjoy similar advantages when Malaysians visit Cambodia.

We are optimistic that the positive impact that we are already seeing from Malaysia's linkages with other countries will also be observed in the Malaysia-Cambodia QR payment linkage.

Our QR payment linkage will also contribute towards the fast-growing network of payment linkages within the region. This is in line with our shared vision for greater regional economic integration under the ASEAN Economic Community Blueprint 2025 and the Regional Payment Connectivity Initiative, while also supporting targets set at the broader G20 Roadmap level for enhancing the efficiency of cross-border payments. Collectively, these efforts will surely foster greater tourism and trade activities across the region, while ensuring an inclusive financial ecosystem that benefits all.

As Malaysia assumes the ASEAN Chairmanship in 2025, payment connectivity will continue to be a priority agenda for BNM. We look forward to seeing a further expansion the number of linkages in the region and promoting greater usage of the services by users by continuing to leverage on public-private sector collaboration as well as cross-border cooperation.

Additionally, to ensure the linkages can be operated safely and securely to manage risks, we will also continue to work closely in the area of cooperative oversight arrangements, in collaboration with other ASEAN member countries. This takes into account the recent trends of fraud and scams, among others.

As the first phase of the bilateral payment linkage between Malaysia and Cambodia goes live today, I look forward with anticipation to the second phase of the linkage which is targeted to be launched early next year. Under this upcoming phase, Malaysian travellers will be able to scan KHQR by just using their own domestic mobile payment app at millions of merchants across Cambodia to pay for their purchases. Once ready, we would also be honoured to have our Cambodian colleagues to visit us in Malaysia for the launch of phase two.

Let me also say that I truly value our close relationship built over many years with the NBC. We continue to benefit from our mutual exchange of knowledge, ideas and experience on many areas, including though not limited to our respective instant payment systems and arrangements. One such area that we seek to learn further from NBC's experience is in leveraging on distributed ledger technology or DLT for its Bakong system which will offer useful lessons for our own CBDC exploration journey. Clearly, exciting times still lie ahead of us in the payment space.

Before I close, let me take this opportunity to acknowledge, thank and congratulate the contributions of everyone involved in this project. In particular:

- (i) to the National Bank of Cambodia, the operator of Bakong,
- (ii) to PayNet, our instant payment system operator; and

(iii) to Maybank as the sponsoring bank that has helped bridge the two instant payment systems.

Our launch today would not have been possible without the efforts and commitment from all of you. The launch of this QR linkage is more than just a technical feat. It is a testament to our commitment to build a world where financial services transcend borders, and where innovation creates new pathways for inclusive economic development.

Our work does not end here, and I certainly look forward to seeing the close partnership between Malaysia and Cambodia in the area of payments and beyond continue to grow.

Thank you.