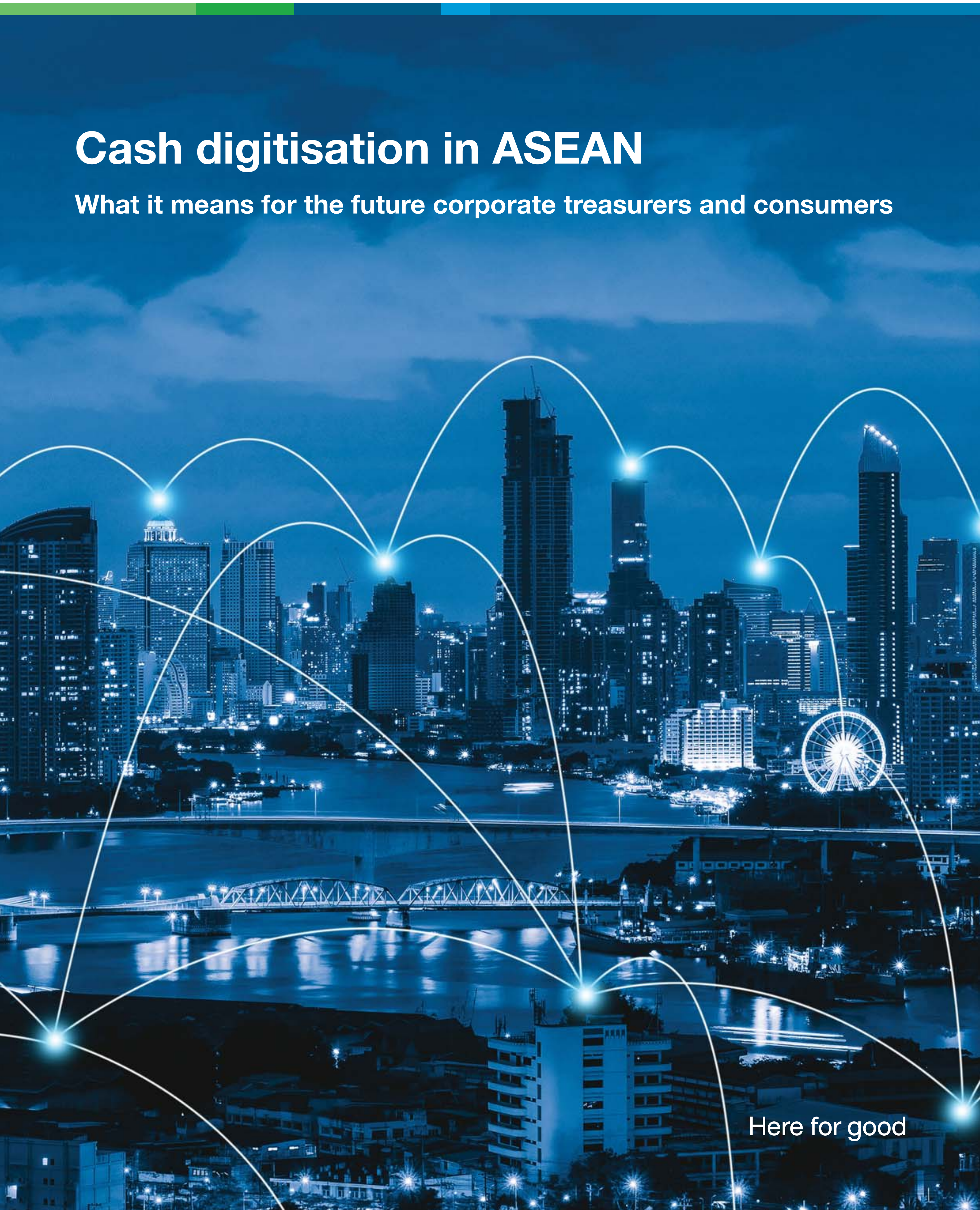
Standard Chartered

Cash digitisation in ASEAN

What it means for the future corporate treasurers and consumers



Here for good

Cash Digitisation in ASEAN

Background and introduction

Instant payments: The game changer?

- Key forces driving the growth of instant payments
  New technologies, changing demands, new business models, regulators' blueprint are propelling the development of real-time payments.
- The instant payments scene in ASEAN
  Innovative features of instant payments are changing the way businesses make payments and collect funds.

Cash digitisation: Is cash still king?

- Digitising cash and cheque collections
  Cash and cheques handling can be made more efficient with the use of innovative solutions.
- Mobile wallets – the new and rising payments method
  Segmentation strategies are driving the variation of e-wallets in the region.

What it means for the future corporate treasurers and consumers

Digital payments enable corporate treasurers to optimise their cash management processes and deliver a seamless transaction experience for their customers.

Corporate references

iFAST Singapore

Ramayana department store Indonesia

Maxis Berhad Malaysia

Background and introduction

Digitalisation has long been driving change in consumer behaviour and preferences. Consumers' demand for simplicity, speed, and seamless experience is universal and spans across sectors. According to consulting firms McKinsey and Kalypso, top fashion performers make speed to market their top priority[1] and retailers that are winning are those that are compressing time to market[2].

Businesses are compelled to rapidly adapt their products and services to fast-evolving needs as they anticipate future demands. As businesses rush against time to cater to new demands, online or offline, it is however important to note that some "basics" have to be met, especially in a highly-diverse market like ASEAN.

Home to the world's third largest population with a projected annual growth of 5.2% for the next five years, ASEAN is a very attractive market for companies seeking business growth. To maximise ASEAN's growth potential, access to financial services is key. Only after the more than 200 million unbanked people in the region are able to connect to the wider economy can we achieve progress towards financial inclusion. It is also then that ASEAN can truly emerge as a consumption and e-commerce powerhouse.

Access to finance is more than owning a savings account or gaining access to credit facilities. It is also about the accessibility of end-to-end financial services from banking and lending to payments. At a time when physical banking infrastructures are expensive to develop and only accessible at fixed locations, mobile financial services are increasingly closing the gaps on accessibility.

For ASEAN, there exists significant potential in a more even development of the digital banking infrastructure. Currently, countries in the region are at different stages of their digital banking journey. The development of the payments infrastructure is a case in point. For example, Singapore established its national e-payment service, Network for Electronic Transfers (NETS), more than 30 years ago, while countries such as Cambodia only recently developed an interbank electronic fund transfer, a service that still requires customers to visit the banking branch to initiate payments.

To close the digital gap, banks are leading the charge in their drive to provide more innovative services. Research shows that 64% of financial institutions in ASEAN plan to increase their investments to develop and modernise their payments infrastructures over the next two years. Banks in the Philippines will boost their investments by 40% as those in Indonesia plan to up investments by 30%. Malaysia and Thailand each expects to raise investments by 13%, and half of the banks in Singapore will increase theirs by over 5%[3].

As new technologies transform business operations and banking services, digital solutions are increasingly redefining the way corporate treasuries operate within the financial system. In this digital age, treasurers that embrace and adopt new technology will drive greater efficiency and business alignment. And those who go one step further to anticipate change will be even more prepared to create solutions fit for the future.

In this paper, we explore how corporate treasurers can leverage new technology to benefit from key financial themes in ASEAN. And in turn, how consumers of the future can gain from the increased ease of payments and access to alternative purchasing options.

[1] The need for speed: Capturing today's fashion consumer, Mckinsey, March 2018
[2] Viewpoints on innovation, Kalypso, an innovation consulting firm
[3] ASEAN initiatives seek to leverage real-time payments for innovation, ACI Worldwide report, 2018

Instant payments: The game changer?

The availability of instant payments systems around the world has transformed the payments landscape and customer behaviour. Today, consumers, merchants, corporates, and financial institutions can make P2P, C2B, and B2C payments at the drop of a hat. As consumers and corporates expect faster settlement time, instant notifications, and automated consolidated reporting, their attitude towards traditional payment methods such as cheques, credit, debit, prepaid, and other e-payments will change.

Instant payments systems offer an instantaneous, 24/7, interbank electronic fund transfer service that can be initiated through one of many channels - smartphones, tablets, digital wallets, and the existing web internet banking platforms. When a real-time payment request is initiated, an interbank account-to-account fund transfer is initiated and a transaction notification is posted instantaneously.

Real-time payments also enhance visibility throughout the payment process. All parties involved, including financial institutions, merchants, corporates, and consumers, can benefit from better cash management. Improved liquidity can in turn help corporates better manage their day-to-day operations. This makes a big difference for companies with long settlement cycles, and create a positive impact on their cash flow and Days Sales Outstanding (DSOs).

The implementation of instant payments across most markets in ASEAN makes fund transfers faster, simpler, and more efficient. Instant payments clearing infrastructure is fast becoming the base for a number of innovative-use cases across industries.

<table>
<tr><th colspan="2">Key features and benefits of instant payments</th></tr>
<tr><td colspan="2">- Faster payments and collections
- Easier payee identification via proxies (e.g., mobile number, virtual ID)
- Greater convenience
- Increased transparency
- Enhanced finality and certainty
- Wider reach & inclusiveness
- Enabler and catalyst for innovation</td></tr>
<tr><th>Payments</th><th>Collections</th></tr>
<tr><td>‘Just-in-time’ payments: The ability to make payments instantly simplifies payment processes. For instance, there is neither a cut-off time nor the need to build clearing time into payment schedules. Just as many corporations adopt ‘just-in-time’ supply chains, this solution can also now be applied to payment processes, working capital enhancements, more-precise funding, costs reduction and maintenance of facility headroom. These all significantly improve the efficiency of supply chains.

Supplier reach: To be able to pay in real-time, companies can access a wider supplier base without incurring additional supplier risk.

Customer service: Companies can provide a more responsive service to customers – including faster refunds, incentive payments, or insurance pay-outs.</td><td>Fewer debtors and enhanced working capital: Real-time payments can make credit collection processes more dynamic and effective, shorten collection cycles, and facilitate faster collections (including disputed cases after they are resolved). This process enhances working capital by reducing funding costs and increasing investment returns.

New business models: One of the biggest advantages of real-time collections is the ability to develop and engage in new digital business models to access a wider customer base without taking on additional credit risks from customers.

Lower transaction costs and potential higher sales: Compared to credit card payments, real-time collections generally incur a much lower cost per transaction. On top of that, being able to collect funds faster, credit lines can be released faster to drive more sales.</td></tr>
</table>

• Key forces driving the growth of instant payments

Technological advancement, changes in consumer behaviour, business model, and regulators' expectations have been the key factors driving the rapid development of real-time payments.

- **Innovative technology:** the high adoption of mobile devices such as smartphones and tablets, internet banking, and enhanced security features such as biometrics has vastly promoted the usage of e-payments.
- **Expectations from end users (customers, corporates, merchants):** The days when payments took hours or even days to reach the payee and the inability to check the status of payment will soon be gone. Rapid technological change has also elevated the expectation of end users. Retail consumers expect a seamless, convenient experience with real-time updates of bills and payments/transfers, while businesses look for better cash flow/information management to reduce fraud and provide incremental value to their customers.
- **New players and business models:** FinTech start-ups are disrupting the world of payments, which was once controlled by the traditional financial players. This new instant payments capability will enable banks to compete with new entrants and drive digitisation of the value chain between banks and businesses. Banks can also leverage the capability to deliver real-time banking services to meet instantaneous demands in our online, connected world.
- **Regulators' pressure:** Many financial regulators and central banks have included instant payments as a key driver to achieve their in-country financial industry blueprint or key performance strategies. The regulators are fully supportive of these initiatives and banks need to comply with their requirements.

• The instant payments scene in ASEAN

Besides the common feature of a pay-to-account number, which is available in six ASEAN markets*, Singapore, Thailand, and Malaysia have also rolled out a payments feature using a proxy address resolution.** This feature allows payments to be sent seamlessly via mobile numbers, individual national registration numbers, tax identification numbers, or business registration numbers.

iFAST has partnered with Standard Chartered to offer customers the ability to fund their investment accounts using iFAST's Unique Entity Number (UEN) PayNow ID.

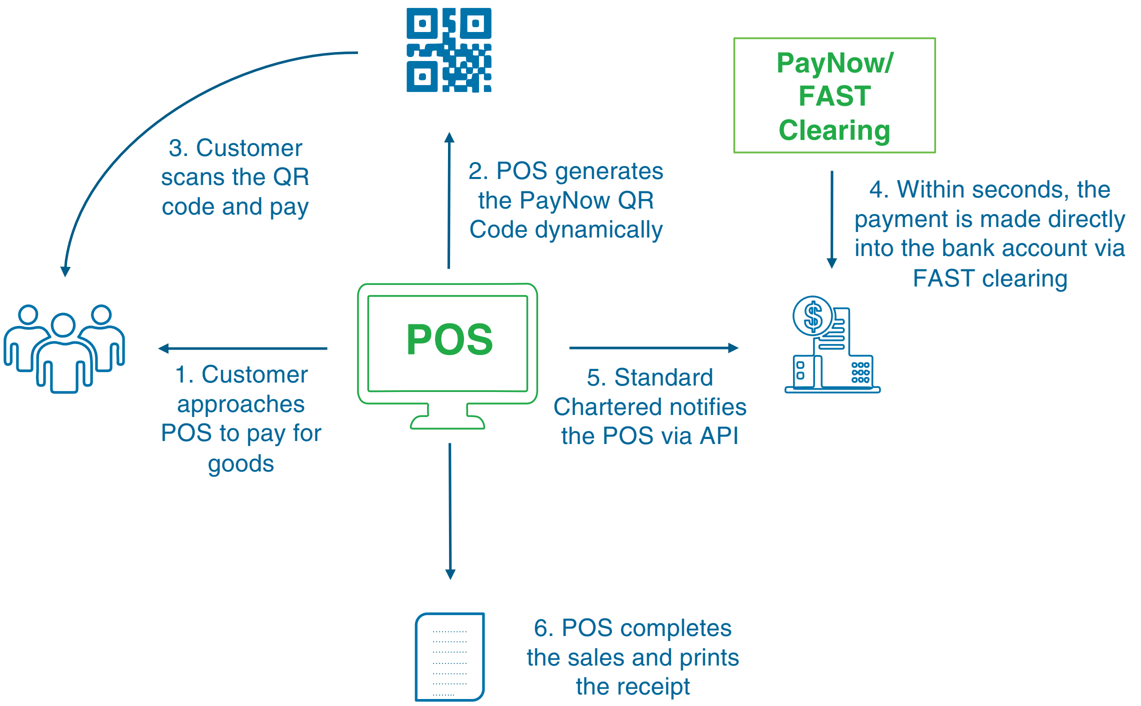
"We welcome the collaboration with Standard Chartered on the new PayNow initiative. PayNow will open up another efficient and convenient digital channel for our customers to fund their investments," said Mr. Jean-Paul Wong, General Manager, FSMOne.com (B2C division of iFAST).
iFAST Financial Pte Ltd (iFAST), Singapore

iFAST is a wealth management FinTech platform headquartered in Singapore, providing a comprehensive range of investment products and services to financial advisory firms, financial institutions, banks, internet companies, multinational companies, as well as retail and high net-worth investors in Asia.

This in-country instant payments initiative is just the beginning of the next wave of instant payments capabilities. Leading ASEAN payments system operators have moved a step closer towards regional real-time payments connectivity. In November 2017, Malaysia's Payments Network Malaysia Sdn Bhd (PayNet), Thailand's National ITMX Co. Ltd (ITMX), Vietnam's National Payment Corporation (NAPAS), Singapore's Network for Electronic Transfers (NETS), and Indonesia's PT Rintis Sejahtera (Rintis) have signed a Memorandum of Understanding (MoU) to connect their respective payments infrastructures to enable real-time cross-border payments.

* Indonesia, Malaysia, Philippines, Singapore, Thailand, Vietnam
** Paynow in Singapore, Promptpay in Thailand, DuitNow in Malaysia

Case study: Singapore-based department store



Case study: Singapore-based insurance company

QR Code on Premium Statements

1 Policy holders receive premium statement

2 QR code is printed on statement

3 Policy holders scan QR code and make payment

4 Insurance company receives payment instantly and confirmations are sent to insurance company & policy holder.

Claim Payments

1 Insurance company connects with SCB through API

2 Insurance company sends individual claim payout instruction

3 Successful payment notification sent to insurance company

4 Insurance company triggers notification via SMS / email to beneficiary with full details on claim payout

This initiative of interconnecting real-time payments infrastructures throughout the region is in line with the global payments trend. It will create opportunities for each national payments switch to expand and develop payments services. Such cross-border collaboration can further drive ASEAN integration. Instead of having to wait for days and incur administrative fees from banks, businesses and consumers can enjoy immediate payments routing and transfers via mobile numbers, in addition to real-time request-to-pay features for cross-border payments collections.

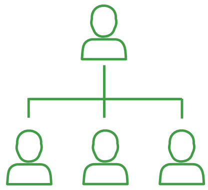
Instant payments are most relevant for cash management enhancement. Standard Chartered is investing heavily in this technology to help business clients in ASEAN improve their collections process and deliver a more connected customer experience.

To better understand businesses' views on the impending launch of instant payments (RPP), we spoke with a few of Standard Chartered's clients in Malaysia.

"The pay-to-proxy feature is a great solution for us to migrate the current refund payments via cheques to e-payments. Most importantly, the real-time feature will help us better manage our cash flow and pay our customers or suppliers on time."
Maxis Berhad Malaysia, a communications service provider

"We are very excited by what instant payments can offer, especially the ability to make payments via proxy information. For the longest time, we have been issuing cheques to distributors and agents for their half-yearly incentive rewards. Although we have managed to migrate about 30% of them to e-payments, we still have to issue about 45,000 cheques every six months. The effort required to acquire and maintain the account information of members is just too tedious and challenging.

Given that we already have members' details in our database, the ability to pay using proxy information, such as mobile numbers and identity card numbers, will help to resolve the challenges that we have been facing. It will also reduce our overall administrative and transaction costs related to the issuing of a huge volume of cheques, including the post-payments administrative work. We also look forward to the QR code capabilities that will provide our customers with additional payments options. We expect a reduction in the use of cash, as well as the risks and costs associated to cash handling."
A multi-level marketing company



"The central bank has been monitoring our usage of cheques for payments. We still have payments that cannot be migrated to e-payments mode because we are unable to get benefi ciaries' account information. The pay-toproxy feature will address this challenge and help us further reduce the cheque usage and meet the central bank's requirements. The real-time feature will shorten the turnaround time needed for our general motor insurance business to issue cover notes. Currently, we can only issue a cover note after the credit entry is entered into our account following the cheque clearance. But our new customers can now send us payments simply by entering the business registration number linked to our account. We plan to implement the QR code feature to add an additional payments channel for our customers."
An insurance company

Cash digitisation: Is cash still king?

Although there is a rise in alternative electronic means of payments in the region, cash still dominates. Cash usage accounts for more than 70% of transactions each in the Philippines and Indonesia, and 43% in Singapore[4]. While the region may not be turning cashless at the snap of a finger, technology can help deliver features to attract consumers to embrace digital channels.

Apart from Singapore that holds a 'stand out' position in the Digital Evolution Index 2017 by Tufts University and Mastercard, the more traditional means of banking and payments remain more popular for the rest of ASEAN. While the penetration of bank accounts has shown improving numbers in some countries, card penetration is relatively low (<50%). And in most of ASEAN, the preferred way to pay for online purchases is cash on delivery.

	Bank Account (%)	Credit card ownership (%)	Debit card ownership (%)	Mobile money account (%)	Cash on delivery for internet purchase (%)
Indonesia	48.86	2.44	30.81	3.12	65.30*
Malaysia	85.34	21.31	73.76	10.88	51.07
Philippines	34.50	1.94	21.01	4.52	47.00*
Singapore	97.93	48.90	91.85	9.55	9.93
Thailand	81.59	9.80	59.85	8.26	48.49
Vietnam	30.80	4.12	26.74	3.50	90.17

Note: population are of age 15+
Source: World Bank (2017), *aCommerce (2017)

Top reasons of high cash usage despite the awareness of digital payments options are:

- Lack of understanding of how digital payments methods work and how to start using them
- Privacy concerns regarding confidentiality of financial records
- Perception that cash is still the simplest and most straightforward payment method
- Merchants, especially SMEs, are still reluctant to absorb the costs of e-payments methods[5]

Other than cash, cheque payments remain widely used in some ASEAN countries.

	Volume of Cleared Cheque (in Million)					
	2012	2013	2014	2015	2016	2017
Indonesia	3.76	3.71	3.56	3.41	2.94	2.57
Malaysia	203.8	197.1	177.1	148	133.1	119
Philippines	180.21	178.99	176.79	175.28	172.47	172.59
Thailand	74.9	75.1	73.9	74.7	73.6	72.7

Source: Country's clearing house/Central Bank

Cheque usage in the Philippines and Thailand has remained relatively stable even as its use has decreased in Indonesia by 32% in the past five years. In Singapore and Malaysia, governments have made the reduction of cheque usage a priority in their effort to move towards a digital economy. Singapore aims to lower the use of cheques to 15% in 2020 and be cheque-free by 2025, while Malaysia targets to reduce its cheque volume to 100 million per year by 2020, half the usage in 2012.

Markets like Indonesia are also trying to move away from cheque issuances. Bank Indonesia unveiled a direct debit feature in their national clearing system in 2016, and is in discussions to launch additional payment options to provide digital alternatives to cheque/bilyet giro.

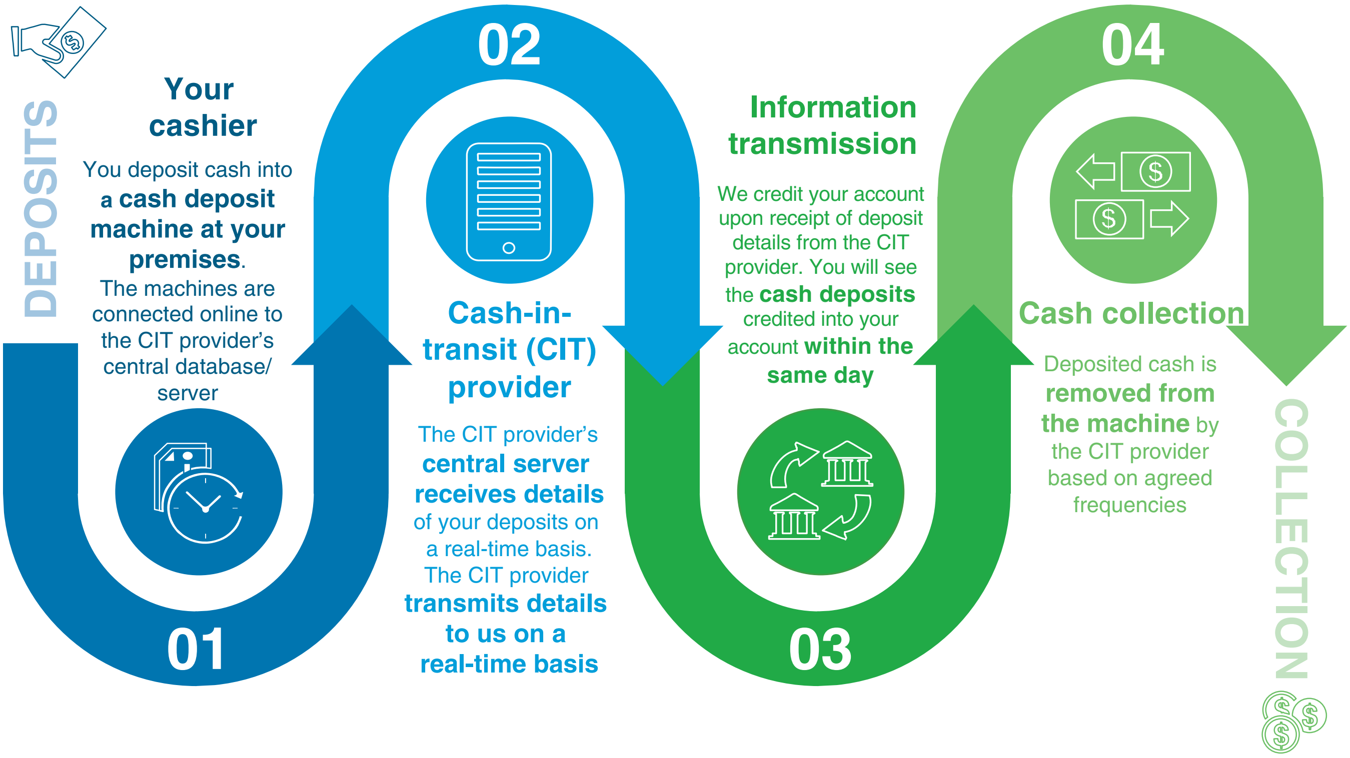
[4] Digital Payments: Thinking beyond Transactions, Paypal, 2017
[5] Innovation in Electronic Payment Adoption: The case of small retailers, World Economic Forum, 2016

• Digitising cash and cheque collections

While efforts are being made to move from paper to electronic, cash and cheques remain the status quo and will not be eliminated overnight. As consumers and corporates become more receptive towards electronic payments, technology is leveraged to provide more innovative solutions to make cash and cheque handling more efficient.

a. Cash deposit machines

The use of cash deposit machines is one way of balancing consumers' demands for a prompt and seamless service and corporates' objectives to become more efficient. In Indonesia, Standard Chartered has a collaboration with a cash-in-transit (CIT) provider to deploy cash deposit machines at clients' premises. Many FMCGs, distributors, logistics, and retailers still handle many cash collections and face challenges such as delayed funds realisation and reconciliation as well as inherent operational risks. The availability of cash deposit machines provides these companies with a more efficient process of collecting payments.



Through cash deposit machines, we bring the "bank teller" to our clients' office and enable companies to receive real-time updates of the amount deposited on the same day. While these machines do not represent new technology, the real-time connectivity with feeds into the Corporate Enterprise Resource Planning (ERP) platforms leverages new-age technology such as API (Application Programming Interface) banking.

Comparisons between conventional physical cash collections and cash deposit machines

Conventional	Cash Deposit Machine
• Multiple cash counting • More cashiers hence requiring bigger space • Overtime costs • Prolonged reconciliation time • Risk of theft • Risk of counterfeit notes • Delay in funds credited into bank account (~D+3) • Overdraft costs	• Reduce cash counting activities (75%) • Reduce cashiers and required space (50%) • Reduce overtime costs • Shorter reconciliation time and higher accuracy • Reduce risk of theft • Reduce risk of counterfeit notes • Real-time funds credited into bank account • Reduce overdraft costs
Average cost of cash handling to the total cash being handled: ~2.00% - 2.50%	**Average cost of cash handling to the total cash being handled: ~0.50% - 1.00%**

Note: numbers are based on internal studies from Standard Chartered Bank

Case study: a tobacco company in Indonesia

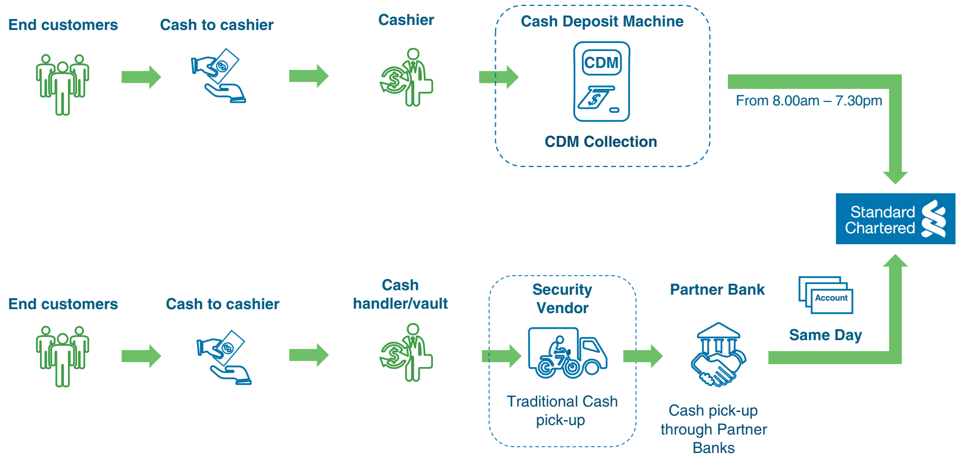
The company collects from over 100 distribution centres with around 4,000 sales representatives, of which 15% of total collections are contributed by cash. With the traditional cash pick-up or drop-box solution, the company faces a delay of as many as two days in the receipt of funds or disputes on the amounts collected, as well as the risks of receiving counterfeit notes which require significant efforts for reconciliation. The need to manually count cash also causes inconvenience at the cash collection points.

With cash deposit machines located at the company's designated locations, fund receipts are expedited, disputes over counterfeit cash or the amount of funds collected are minimised, and the need to keep cash at the sales distribution centres is reduced. Digital fund collections through the cash deposit machines allow the company to improve and automate their reconciliation process.

Case study: Ramayana department store in Indonesia

The department store's traditional cash collection methods cause discrepancy between the actual amounts deposited and the amounts reflected on the cashiers' records. Its reconciliation process also involves the time-consuming and costs-intensive cash counting method.

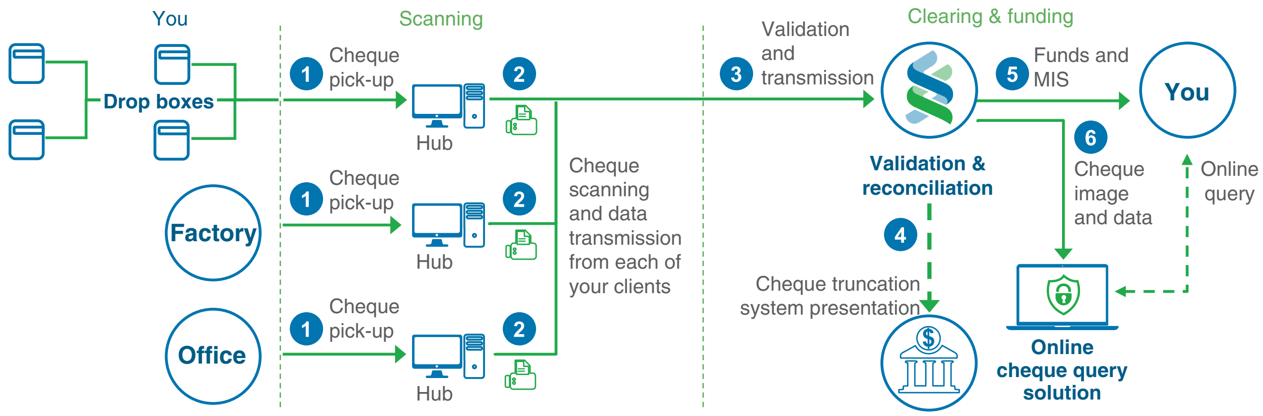
Cash deposit machines have improved the department store's cash collection process as funds collected are processed immediately. It also gets real-time credit into its bank account with comprehensive monitoring and risk mitigation capabilities.



b. Remote cheque scanning solution

The remote cheque scanning solution is supported by the electronic image clearing processes at the clearing house, an operation approved by regulators. This eliminates the need for physical cheques to be transported from presenting banks to paying banks. Instead, cheques are picked up by the vendor from the clients' premises, scanned, and sent for clearing on the same day, reducing the clearing time from 3-5 days to only one day. Within a few hours after the cheques are scanned, bank clients are alerted of the cheque deposit. After the credit facility is approved, funds are immediately credited into the clients' bank accounts.

Illustration: Remote cheque scanning process flow



This solution provides significant benefits including:

- Shorter clearing cycle due to the electronic movement of cheques
- Higher accuracy of data capturing
- Faster realisation of cheques based on Cheque Truncation System (CTS) processing
- Reduction in query resolution timelines
- Large coverage over key volume locations
- No risk of instruments getting lost in transit
- Minimisation of operational risks and clearing frauds

• Mobile wallets – the new and rising payments method

According to a survey by PayPal Asia Research on Digital Payments in 2017, familiarity with e-wallets/mobile wallets in Asia is around 49%, with the highest awareness in China (around 83%). The success of mobile wallets acceptance in China is driven by its mobile-first consumer mindset, innovative social commerce model, and a robust and trusted digital payments infrastructure, which is supported by popular mobile apps such as Alibaba Group Holding Limited's AliPay and Tencent Holdings Limited's WeChat Pay.

In India, the government's decision to demonetise Rs. 500 and Rs. 1,000 notes in November 2016 led to the rapid adoption of mobile wallets. One year after the demonetisation, digital payments transactions rose to 53% (by value) and 33% (by volume). Statistics from the Reserve Bank of India shows that UPI (Unified Payments Interface) grew at a compounded monthly rate of over 100% within six months of the demonetisation move.

As for ASEAN, its digital economy currently generates approximately US$150 billion in annual revenue and is expected to become one of the world's top-five digital economies by 2025[6]. Its internet penetration rate is 58%, of which more than 90% of access comes through mobile devices[7]. This trend underscores the increasing competition from mobile wallets to replace traditional payments methods in the region.

[6] The ASEAN Digital Revolution, AT Kearney and Axiata, 2015
[7] e-Conomy SEA, Google and Temasek, 2018

2018	Indonesia	Malaysia	Philippines	Singapore	Thailand	Vietnam
Population (mm)	265.40	31.83	105.70	5.75	69.11	96.02
Mobile users (mm)	177.90	21.62	61.00	4.83	55.56	70.03
Smartphone users (mm)	78.20	23.10	30.40	4.30	24.10	28.80
Smartphone penetration	29%	73%	29%	75%	35%	30%
Internet users (mm)	132.70	25.08	67.00	4.83	57.00	64.00
Internet penetration	50%	79%	63%	84%	82%	67%

Source: UN Population Division, ASEANup, IDC, eMarketer, Malaysian Communications and Multimedia Commission, Statista, Global Digital Report by 'We are Social and Hootsuite'

E-wallets development and adoption in ASEAN:

- Singapore
  Singapore is the first Southeast Asian market to launch Samsung Pay, the second market in Asia to unveil Apple Pay, and the third market globally to use Android Pay. Popular e-wallets by local providers include DBS PayLah!, Singtel's Dash, and Liquid Pay. According to Worldpay, the market share of e-wallets in Singapore is expected to increase from 13% (from 2017) to 21% (in 2021).

- Indonesia
  Since 2007, the number of e-wallets providers in Indonesia has increased. The providers come from diverse industries, from banking (Mandiri eCash, BCA Sakuku), and telecommunications (T-Cash, PayPro, XL Tunai), to FinTech companies (go-pay, OVO, Doku Wallet). Statista in 2017 predicted that the value of mobile payments transactions will reach US$59 million by 2021 with a CAGR of 85%.

- Philippines
  Non-cash payment methods, in particular e-wallets, have gained growth momentum in the Philippines. E-wallets payments are expected to rise to 6% of total payments by 2022. Top local payment methods are Voyager's PayMaya and GCash by Globe.

- Thailand
  Thailand's development of mobile wallets is supported by the government's national e-payments strategic plan under the Thailand 4.0 scheme. mPay, an e-wallet launched by the largest telecommunications operator, and Rabbit Line Pay by one of the most popular messaging apps in the country reflect the positive e-wallets development in Thailand. These platforms allow users to transfer funds to fellow users, pay merchants via a QR code, settle bills and movie tickets, or top up mobile phone and skytrain credits.

- Vietnam
  There are currently around 20 e-wallets apps in Vietnam, including Vi Viet, Zalo Pay, 123Pay, Baokim, Bankplus, MoMo, Payoo, and Wepay. According to the State Bank of Vietnam, the value of e-wallets transactions in 2017 exceeded VND53 trillion (US$2.2 billion), an increase of 64% from the previous year. With the non-cash payments initiative aimed at reducing the cash transactions ratio to under 10% during the 2016–2020 period, e-wallets payments are expected to gain more traction. Many foreign operators, such as Samsung Pay, Alipay, and Amazon, have also entered the local market to tap this growing potential.

- Malaysia
  According to Fintech Malaysia Report 2018, 17% of Malaysia's FinTech companies are e-wallets operators. While there are now five Malaysian banks and around 28 non-bank entities holding e-money licenses issued by Bank Negara Malaysia, the penetration of mobile money accounts remains low at 11%.

Different types of e-wallets have emerged in these markets, targeting different segments to serve different purposes.

Enhance convenience for customers in a closed-loop ecosystem – Some companies create their own closed-loop e-wallets that allow their customers to make electronic payments, view past transactions, and collect rewards for transactions or the exclusive use of their products and services. For example, customers of Thai state-owned enterprise PTT can use the company's e-wallet to make digital payments at its gas stations and retail outlets, including PTT-run cafés and restaurants. PTT customers can also place advance orders, search for nearby shops, access promotional privileges, and collect points for future redemptions.

Cater to consumers' new lifestyles – New tech companies are creating e-wallets that first connect to their main business and subsequently expand to include other merchants. AirAsia's Bigpay, Singapore-based Grabpay, Indonesia's Gopay by Go-jek are some examples. While these payments gateways let users pay for their transportation services, they also partner with other merchants to provide additional payments options to the users and increase the usage of their e-wallets. As these companies operate regionally, their future plan could include the expansion of their e-wallets services in the region.

Banks in the region have also capitalised on the e-wallets technology by making it easier for customers to conduct transactions at smaller stores, such as enabling customers to make payments at hawker centres or smaller shops with the scanning of a QR code. While some banks mandate their customers to top up their e-wallets, others allow digital payments to be made directly from the customers' bank accounts.

While most e-wallets available in the region today are generally for domestic use, increased cross-border activities, from travel to payments, have encouraged operators to enable regional mobile financial services. Alipay and WeChat Pay entered the market to accommodate their Chinese users travelling to ASEAN. With the aim of unifying Asia's fragmented payments scene, Singapore's Singtel in October 2018 partnered with Thai telecommunications operator AIS and Kasikorn Bank to form an alliance named 'VIA', a partnership claimed to be Asia's first cross-border mobile payments tie-up. This offers QR code-based mobile payments for users of Singtel Dash, AIS Global Pay and Rabbit Line Pay e-wallets. Payments can be made at VIA-approved merchants located in Singapore and Thailand.

Improve financial inclusion by giving access to the unbanked and those located in remote areas – With the network infrastructure that spans across countries, telecommunications companies have traditionally played a more active role in reaching the unbanked and those located in remote areas. Their network also helps support the launch of their e-wallets to provide the unbanked population with access to basic financial services. Their services began with a simple feature of allowing members to top up their e-wallets for the purpose of transferring funds to other members. This was followed by other capabilities such as bill payments, movie ticket purchases, payments via QR codes, as in the case of the Philippines' GCash and PayMaya.

Subsequently non-telecommunications companies, including Vietnam's Momo, launched with a clear objective of providing basic financial services to the unbanked population.

Other providers have also extended their capabilities to provide services targeted at migrant workers. For example, regional operator TrueMoney facilitates cross-border remittances for their users in Thailand, Myanmar, and Cambodia.

Standard Chartered is partnering with a number of large mobile wallets and e-wallets providers in the region to facilitate domestic as well as cross-border wallets-based payments. Through its partnership with Vietnam's biggest e-wallets player Momo, the bank enables companies, governments, and development organisations to perform non-cash transactions with banked and unbanked individuals.

The bank has also been appointed by Ant Financial as the core banking partner for its new blockchain cross-border remittance solution. The service will allow individuals to conduct cross-border remittances within a few seconds. Hong Kong and the Philippines are the first country to offer this service in mid-2018. The service was subsequently introduced for users between Malaysia and Pakistan at the beginning of 2019.

We anticipate e-wallets to become a comprehensive solution that provides a range of features and services. For instance, Truemoney announced that its e-wallets will soon allow users to buy plane tickets, book hotel rooms, order and pay for food, borrow money, and make investments in mutual funds.

What it means for the future corporate treasurers and consumers

Not only is digitisation changing the way businesses interact with their customers, suppliers, and markets, digital innovation is fundamentally reshaping the day-to-day operations of corporate treasury and how treasurers interact with financial markets. Treasurers need to embrace technology to drive a more efficient treasury function and become a value-added adviser to their business.

Instant payments have the potential to enhance corporate treasuries' ability to optimise liquidity management.

From a payments perspective, instant payments offer corporate treasury the following capabilities:

- Fund and pay "just-in-time" instead of 2-3 days in advance, as is often the case today. This will potentially improve working capital metrics
- Pay suppliers more quickly and take advantage of early-payment discounts under the dynamic discounting arrangements
- Ensure completion of urgent and time-sensitive payments, with immediate rejection notices
- Generate accurate liquidity forecasting, with no cash in transit or trapped in clearing accounts

From a collections perspective:

- Collect from customers more quickly with faster cash reconciliation – this will enable a faster release of goods to customers and reduce inventory or in-transit costs
- Refresh credit limits sooner, allowing distributors/customers to place more orders
- Leverage the captured liquidity to recycle into the business or generate higher returns

To take advantage of the benefits provided by instant payments, corporate treasuries will need to change their operating model to align with the new requirements of 24/7/365 availability without currency (CCY) cut-offs or holidays. Corporate treasuries have to adopt new technologies to manage liquidity both overnight and over the weekends. Critical to achieving this is real-time cash visibility via an API that instantly advises of a credit/debit to the account. Similarly, Robotic Process Automation (RPA) tools will need to be developed to operate around the clock, and thus enabling a "24hr Treasury" function.

The various digitisation initiatives highlighted in this report are creating significant opportunities for corporate treasurers to increase operational efficiency across the domains of cash and liquidity management, optimise working capital, and strengthen the risk and controls environment. Corporate treasuries will need to undertake their own transformation to embrace and leverage new technologies and ultimately align with the evolving needs of the business and the ASEAN markets in which they operate.

About the authors:

Ankur Kanwar

Regional Head, Cash Product Management, ASEAN and South Asia, Standard Chartered Bank

Ankur has over 16 years of experience in Transaction Banking, Treasury and Finance across markets in Asia and USA. He is currently Regional Head of Cash Product Management, leading strategy and execution for the cash management business across ASEAN and South Asia. Prior to joining Standard Chartered Bank, Ankur worked for JP Morgan Chase in Singapore and New York. He led the product management function for Transaction Banking regulatory products and worked extensively with large corporate clients streamlining their liquidity management structures. He is a Chartered Accountant from India and holds a Chartered Financial Analyst (CFA) qualification.

Byron Gardiner

Global Head, Treasury Solutions and Advisory, Transaction Banking, Standard Chartered Bank

Byron has over 20 years of international treasury experience, most of which have been focused primarily on the Asia Pacific (APAC) region. His experience extends to the setup of IHB, RTC, SSC, and Payment Factory operations, and the creation of sophisticated regional and global liquidity management structures. On the practitioner side, Byron has established and led APAC treasury teams for Oracle and Symantec. When he was a treasury director at Huawei Technologies, Byron was responsible for transforming the company's global treasury operations. Byron has also held senior positions with Merrill Lynch Treasury in London and ANZ Banking Group in Sydney. He was the recipient of the 2015 and 2016 Corporate Treasurer Marquee Award for the 'Best Treasury Consultant in Asia'.

Boo Hock Khoo

Cash Product Head, Malaysia, Standard Chartered Bank

Boo Hock has 20 years of banking experience in Malaysia and spent most of his banking career in Cash Management. He joined Standard Chartered as Cash Product Head in 2016 and has been driving the cash management product strategies for Malaysia. His previous role was Head of Implementation and Service at Deutsche Bank Malaysia, and prior to that, he was in cash management implementation at Citi Malaysia and HSBC Malaysia.

Yustina Arlini Widjaja

Cash Product Head, Indonesia, Standard Chartered Bank

Yustina has 10 years of experience in Cash Management. She joined Standard Chartered in 2013, and is currently Cash Product Head for the Bank's Indonesia franchise. Prior to that, she was with ANZ Indonesia where she was a Cash Management Product Manager and before that, the Local Team Lead for the ANZ – RBS Acquisition Project to migrate Commercial Banking customers from RBS to ANZ. Before ANZ, she was at Citibank where she was involved extensively in IT Project Management & Cash Product Management.

Klongpawn Piumsombun

Cash Product Manager, ASEAN and South Asia, Standard Chartered Bank

Based in Singapore, Klongpawn is a Cash Product Manager covering markets in ASEAN and South Asia, driving product launches, strategies and commercialization. Her banking career took off in 2016, when she joined the International Graduate Programme at Standard Chartered Bank. Prior to that, Klongpawn worked in management consulting, on projects to conduct economic and industry analysis, develop strategic roadmap, business and marketing plans. She holds a Masters degree in Applied Economics and Finance from Copenhagen Business School.

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