

# Digital Commerce Asia Pacific

## Expanding e-Payments Adoption, Acceptance and Usage

Day One: Wednesday, 23 January 2019

8.00 Registration

### INTRODUCTION Welcome and Opening Addresses

9.00 **Overview and objectives**

Introduction to the sessions and the objectives of Digital Commerce Asia Pacific

Greg Pote, Chairman, APSCA

### SESSION 1 Frameworks for e-Payments

9.15 **Opportunities for banks and non-banks to expand e-payments**

Regulators and national payments organisations across Asia are developing new e-payments frameworks, typically designed to support real-time mobile consumer payments for P2M and P2P applications. The primary objective of these government initiatives is to accelerate the acceptance and usage of electronic payments into new segments, applications and use cases currently dominated by cash. Other objectives include driving financial inclusion for unbanked and underbanked citizens and driving down the costs of e-payments.

Balancing competition  
and collaboration for  
banks and non-banks

- How are e-payments frameworks that formalise real-time consumer payments systems intended to accelerate the adoption and usage of e-payments beyond what is already being achieved?
- How should these e-payments frameworks specify policies, pricing and operational requirements for payments network operators? Should they be open to all banks, PSPs, prepaid issuers, ...?
- Some payments frameworks are separating banks and non-banks on different networks. What are the pros and cons versus enabling payments interoperability between banks and nonbanks?
- If interoperable credit transfers are enabled between all banks and non-banks on the same shared network then what are the expected outcomes for e-money issuers, customers and merchants?
- Some new payments frameworks use virtual addressing to simplify transfers to any destination on an interoperable shared payments infrastructure. How are these virtual identities used and managed?

Viewpoint 1: Tan Nyat Chuan, Assistant Governor  
Bank Negara Malaysia [-30min]

Viewpoint 2: Buncha Manoonkunchai, Senior Director of Payment Systems Policy  
Bank of Thailand [-30min]

10.15 **Discussion: Enabling new payments landscapes**

*Why is there a need for new frameworks for e-payments? Are regulators and national payment networks simply looking for new ways to accelerate e-payments acceptance, adoption and usage or are there also other objectives? Are the new payments frameworks designed to make it easier and less costly to on-board micro merchants to accept e-payments? Is one of the objectives to support P2P payments as well as P2M payments, or are they designed to remove this differentiation altogether? Do national real-time consumer payments platforms simply require a payments framework with a different structure? Are new payments frameworks that support all banks and nonbanks more suited to support the growth of digital payments using mobile devices and an "Internet of Payments"? Are these new payments frameworks intended to support both real-time and card-based payments?*

Tan Nyat Chuan, Bank Negara Malaysia  
Buncha Manoonkunchai, Bank of Thailand  
Greg Pote, APSCA

10.45 **Refreshments**

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SESSION 2		Real-Time Consumer Payments
Building a foundation for digital commerce services	11.30	<p><b>Payments as fast as messaging</b></p> <p>A real-time payments network can support a wide range of consumer payments products offered by banks and non-banks, beyond widely publicised mobile QR code payments. Payments that match the speed of instant messaging are a natural fit with the proliferation of smartphones and the growth of digital commerce. The payments industry is realising that push payments can have advantages over pull payments, and not only for onboarding micro merchants through merchant-presented QR. This session explores the opportunities for retail real-time payments.</p> <ul style="list-style-type: none"> <li>What types of consumer payments products will make the best use of a real-time payments infrastructure? Are push payments products better suited than products that use pull payments?</li> <li>Will banks or non-banks be more likely to leverage the benefits of a real-time payments infrastructure for to launch new and innovative retail and consumer payments applications, and why?</li> <li>Are retail real-time payments more suited to developing markets with underbanked customers, limited card-based payments infrastructure but growing proliferation of smartphones?</li> <li>Real-time payments systems can support person-to-person (P2P), customer-to-merchant (P2M) and B2B payments - which of these payment categories is most likely to attract real-time payments transactions?</li> <li>How do the costs of real-time consumer payments compare to existing e-payments costs, from the perspectives of the payments network operator, banks and nonbanks, merchants and customers?</li> </ul> <p>Viewpoint 1: Tay Gim Soon, Group Chief Operating Officer PayNet [-20min]</p> <p>Viewpoint 2: Arthur Wong, Chief Information Officer Hong Kong Interbank Clearing [-20min]</p>
	12.15	<p><b>Discussion: Real-time payments versus card-based payments</b></p> <p><i>Digital payments in Asia are expected<sup>1</sup> to grow at 16.4% annually to over US\$2.6 trillion by 2022. Will that growth be driven primarily by real-time consumer payments or card-based payments? Or will real-time payments and card-based payments serve different purposes in the consumer payments ecosystem? Implementations of real-time consumer payments have tended to prioritise P2P payments (left unaddressed by card payments) over P2M payments but will this always be the case? Will real-time P2M payments compete more effectively with card payments in online scenarios but less effectively in-store? Is the growing interest in real-time consumer payments likely to lead to a transition from card-based to real-time payments at the point-of-sale? Will any such transition be influenced by growing number of applications for push payments?</i></p> <p style="text-align: right;">Tay Gim Soon, PayNet Arthur Wong, Hong Kong Interbank Clearing Greg Pote, APSCA</p>
	12.45	<b>Lunch</b>

SESSION 3		QR Code Payments
Mobile payment services that work across online and off-line commerce	13.45	<p><b>The new mobile commerce paradigm</b></p> <p>The Asian payments industry is expecting that QR codes will redeem mobile payments at the point-of-sale and enable e-payments in new business segments. Financial institutions, fintechs, merchants and even transport operators are aiming to leverage the simplicity and flexibility of QR codes for off-line and online commerce. This excitement is being driven by the adoption and usage of mobile QR code payments in China that has created enormous digital commerce ecosystems. This session explores whether that success story can be replicated in Asia Pacific.</p> <ul style="list-style-type: none"> <li>Much of China's mobile payments success was driven by consumer-presented QR and pull payments. Will mobile QR code payments succeed in Asia with only half the customer proposition?</li> <li>China's Internet companies incent customers with offers through digital commerce ecosystems larger than Amazon. Can mobile QR payments succeed in Asia without discounts and cashbacks?</li> <li>Despite over 500 million mobile QR code payments users in China, the market is dominated by only two companies. How can Asian markets avoid mobile payments fragmentation and customer confusion?</li> <li>QR code mobile payment products usually have low or zero payments acceptance fees, although scheme operators may charge merchants for other services. Is this the future of e-payments revenue?</li> <li>How important will it be for customers and merchants to have interoperable QR code payments standards? Will this limit useful non-payment data? Is cross-border interoperability required?</li> </ul>

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SESSION 3	QR Code Payments	(continued)
13.45	<p><b>The new mobile commerce paradigm</b></p> <p>Viewpoint 1: Ooi Huey Tyng, Managing Director GrabPay [-20min]</p> <p>Viewpoint 2: Mark Tan, Chief Marketing Commercial Officer TNG Digital [-20min]</p> <p>Viewpoint 3: Mohd Khairil Abdullah, CEO Axiata Digital Services [-20min]</p>	
14.45	<p><b>Discussion: Managing mobile wallet fragmentation</b></p> <p><i>Today the next step for any successful digital business seems to be to offer their customers a QR code-based mobile wallet. In some Asian markets the number of registered e-money issuers is now greater than the number of card-issuing banks. Some of the benefits for customers include a wide variety of new e-payment options, often combined with frequent discounts and cashbacks. But the explosion of new mobile QR code payment services into the market is also creating fragmentation. Customer experience at the POS can mean selecting between different QR codes to scan, a variety of mobile payment apps to open, and ensuring that they are all topped up. How should the industry manage mobile payments fragmentation? Are there ways for mobile payments companies to cooperate that could ease the fragmentation and benefit themselves as well as patients and customers?</i></p>	<p>Ooi Huey Tyng, GrabPay Mark Tan, TNG Digital Mohd Khairil Abdullah, Axiata Digital Services Greg Pote, APSCA</p>
15.15	<p><b>Refreshments</b></p>	

SESSION 4	A New e-Payments Ecosystem
16.00	<p><b>How banks can collaborate with non-banks</b></p> <p>Moderated by Paul Brisk, Managing Director, Digital Payments Asia Pacific</p> <p>Asia's new QR code mobile payments products are being driven by non-banks that include Internet companies, digital businesses, pure-play fintechs, MNOs and more. In China, Internet companies initially connected directly to customer bank accounts (for real-time and card-based payments). In Europe PSD2 is forcing banks to expose their payment systems to trusted third-party providers (TPPs). This session explores the variety of ways in which banks can collaborate with non-banks and how such collaboration might be mutually beneficial to their payments businesses.</p> <ul style="list-style-type: none"> <li>▪ How can banks compete against fintech companies that offer new mobile-driven payment services based on digital commerce businesses with strong non-financial customer propositions and marketing channels?</li> <li>▪ What is the role for banks in a digital commerce ecosystem where success depends upon agility to launch, "sticky" marketing and continual innovation of the digital payments services required by customers today?</li> <li>▪ China's mobile payments success was created by Internet companies connecting to customer bank accounts to add payments to their existing businesses. Will that open API approach be repeated across Asia?</li> <li>▪ Rather than compete with fintechs, will it make more sense for banks to publish their APIs, collaborate with non-banks and offer third-party branded mobile payment solutions through their existing bank channels?</li> <li>▪ PSD2 only applies to banks in Europe for now but is it likely to attract the attention of Asian regulators in the future? In which case how should banks in Asia prepare for PSD2-like regulatory approaches?</li> </ul> <p>Viewpoint 1: Remy Khoo, Head, Digital Innovation &amp; Strategy, Virtual Banking &amp; Payments Community Financial Services, Maybank Malaysia [-20min]</p> <p>Viewpoint 2: Mayu Suzuki, Director, Planning &amp; Operations Payments Japan Association [-20min]</p> <p>Viewpoint 3: Paul Brisk, Managing Director Digital Payments Asia Pacific [-20min]</p>

Opportunities and risks  
for co-opetition between  
banks and new entrants

# Digital Commerce Asia Pacific

*Expanding e-Payments Adoption, Acceptance and Usage*

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SESSION 4	A New e-Payments Ecosystem <span style="float: right;">(continued)</span>
17.00	<p><b>Discussion: Banks and non-banks - threats and opportunities</b></p> <p><i>The growing number of fintechs entering the consumer e-payments business is creating a paradigm change to an industry previously dominated by banks. Should this be viewed only as a threat? Or might the number and variety of fintech services enable new business and partnerships opportunities for banks? European PSD2 open banking regulations were designed to encourage competition, enable innovative payments services and improve customer satisfaction. Should banks in Asia also publish their APIs and collaborate with the new entrants? Could they launch new products based on services from fintechs? Would such fintech-powered products successfully expand their portfolios, or cannibalise existing products? Could banks use fintechs as new channels to distribute bank products? What would be the pros and cons of these partnerships and what business models would be feasible?</i></p> <p style="text-align: right;">Remy Khoo, Maybank Malaysia Mayu Suzuki, Payments Japan Association Paul Brisk, Digital Payments Asia Pacific</p>
17.30	<b>Close of day one</b>

1 - <https://www.statista.com/outlook/296/101/digital-payments/asia>

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Day Two: Thursday, 24 January 2019

<b>INTRODUCTION</b>		<b>Welcome and Opening Address</b>
	9.00	<p><b>Introduction to day two</b> Introduction to the sessions and the objectives of day two of Digital Commerce Asia Pacific</p>
<b>SESSION 5</b>		<b>Globally Interoperable Payments</b>
	9.15	<p><b>An update on EMVCo QR Code activity</b> As payment technologies continue to advance and incorporate new technologies across the face-to-face and remote payment environments, global technical body, EMVCo is committed to evolving the EMV® Specifications to promote global interoperability and enhance security. This presentation will provide an update on EMVCo's development of global interoperable specifications for QR code-based payments.</p> <p>Update by: Jinjia Zhou, Chair of QR Code Task Force EMVCo [-30min including Q&amp;A]</p>
Integrating card-based and fintech payments		
	9.45	<p><b>Discussion: How and why retail payments are changing</b> <i>In the last 5 years there have been more disruptive changes in consumer payments than in the previous 40 years. With successes and disappointments in mobile payments, the take-off of contactless card payments, rapid innovation in Fintech, biometrics in payments and now the first launches of consumer real-time payments products, the payments industry and retailers have a lot to manage. What is driving all these changes? Is it just a quest for a better way to pay? Does "better" just mean faster and more convenient? Some of these changes are significantly reducing the costs of e-payments - is this a driving factor? Does it really come down to different organisations working to replace cash with e-payments? Do they all have the same objectives? Where is e-payments likely to go from here?</i></p> <p>Tac Watanabe, Executive Vice President, Brand Infrastructure &amp; Technologies Department, JCB Devesh Kuwadekar, Vice President, Head of Market Development, Mastercard Greg Pote, APSCA</p>
The roadmap for consumer payments in Asian markets		
	10.15	<b>Refreshments</b>
<b>SESSION 6</b>		<b>Contactless Payments</b>
	11.00	<p><b>Expanding acceptance and usage of card-based payments</b> EMV contactless payment cards are creating convenience for consumers and business efficiencies for merchants. They expand e-payments by displacing cash for low value transactions, they are becoming accepted for public transport payments and they are faster and easier to use than QR code mobile payments. International card schemes now require all new terminals to be EMV contactless-enabled and all new cards issued to support EMV contactless technology. Customary enthusiasm for contactless payment cards appears to be holding back growth of mobile NFC payments products offered by OEMs and banks, which do not support P2P payments. This session explores how to increase adoption of contactless payments in retail and transport segments.</p> <ul style="list-style-type: none"> <li>Can Asian markets achieve Australia's level of success with contactless payments where over 80% of payment card transactions accepted at major retailers are now contactless?</li> <li>Markets such as Australia, UK, Singapore, Hong Kong and Taiwan highlight the success of contactless payments, but can this success only be replicated in markets where card payments are mature?</li> <li>What will be the impact of new international card scheme requirements for all new acceptance terminals to be EMV contactless-enabled and all new cards issued to support EMV contactless technology?</li> <li>What new low-cost EMV contactless acceptance solutions, such as PIN on Mobile, can on-board micro merchants for e-payments by accepting EMV contactless payment cards and NFC mobile phones?</li> <li>Transport ticketing schemes are beginning to accept EMV open-loop contactless payment cards as ticketing media. What are the benefits for card issuers, transport authorities and customers?</li> </ul> <p>Viewpoint 1: Mohamad Hafidz, VP, Head of Acceptance - Asia Pacific, Mastercard [-20min] Viewpoint 2: Joel Tay, CEO Soft Space [-20min]</p>
Driving contactless acceptance into new merchant segments		

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SESSION 6	Contactless Payments <span style="float: right;">(continued)</span>
11.45	<p><b>Discussion: Bringing contactless payments to all merchants and customers</b></p> <p><i>The rapid uptake of EMV contactless payment cards has expanded e-payments by displacing cash<sup>2</sup> for low value transactions. But success with EMV contactless payments has so far been limited to mature card payments markets. Many merchants in Asia would not qualify for a contactless payment terminal even if they could afford to rent one. These are the merchants, or micro merchants, now being targeted by QR code mobile payment providers. Can these merchants be brought on-board the contactless payments ecosystem? What innovative contactless acceptance solutions are required? Can acceptance of open-loop payments in public transport help to put more EMV contactless payment cards into the hands of consumers? How can the payment card industry leverage these developments to encourage more merchants and customers to adopt contactless payments? Mobile NFC payments look disappointing so far but are there still opportunities to use mobile to expand adoption of contactless payments in Asian markets?</i></p> <p style="text-align: right;">Mohamad Hafidz, Mastercard Joel Tay, Soft Space Greg Pote, APSCA</p>
12.15	<b>Lunch</b>
SESSION 7	Next-Generation Payment Cards
13.15	<p><b>New Levels of Security and Convenience</b></p> <p>Despite mobile payments excitement, the payment card market continues to grow. Solutions providers are now offering issuers a variety of next-generation payment cards with new capabilities targeting increased security and greater convenience, including biometric cards and dynamic code verification cards. Some digital payments companies (Paytm, Uber, Stripe) plan to begin issuing payment cards. This session explores the future of payment cards and why, despite predictions that they will be replaced by mobile payments, this has not happened so far.</p> <ul style="list-style-type: none"> <li>▪ Why are biometric payment cards a good fit with the new scheme requirements for all new acceptance terminals to be EMV contactless-enabled and all new cards issued to support EMV contactless?</li> <li>▪ How can biometric EMV contactless payment cards prevent fraud on lost and stolen cards and remove the adverse media coverage and customer concerns raised by fraudsters on stolen card spending sprees?</li> <li>▪ How will payment cards with on-card fingerprint biometrics eliminate PIN theft by fraudsters using shoulder surfing, miniature undetectable cameras near ATMs or payment terminals, or fake keyboards on ATMs.?</li> <li>▪ Today it is challenging for cardholders to make higher value EMV contactless card payments. How will biometric on-card CVM support EMV contactless card payments of any ticket size?</li> <li>▪ The costs of biometric payment cards and dynamic code verification cards are higher than traditional EMV payment cards. Will new and innovative business models be required to bring them to market?</li> </ul> <p>Viewpoint 1: Tac Watanabe, Executive Vice President, Brand Infrastructure &amp; Technologies Department JCB [-20min]</p> <p>Viewpoint 2: Speaker to be advised Linxens [-20min]</p> <p>Viewpoint 3: Yew-Fai Chu, Regional Marketing - Payments Infineon Technologies [-20min]</p>
14.15	<p><b>Discussion: Outlook for the next generation of payment cards?</b></p> <p><i>Only a few years ago industry pundits were predicting that mobile NFC payments would mean the end of cards and yet the payment card market continues to grow. For retail in-store applications, customers have been far more enthusiastic about using contactless payment cards than mobile NFC phones. In China mobile QR code payments (with cashbacks and discounts) have significantly reduced card use at the POS but there is not yet any evidence that this will be repeated in other markets. How can the next-generation of payment cards offer stronger security features for online and offline commerce? How can they increase security and customer protection for contactless payment cards? What is the business case for biometric EMV contactless payment cards? What is the status of certification for next-generation card products, when will they become mainstream and how will they impact the payment card business?</i></p> <p style="text-align: right;">Tac Watanabe, JCB Speaker to be advised, Linxens Yew-Fai Chu, Infineon technologies Greg Pote, APSCA</p>
14.45	<b>Refreshments</b>

Increased customer  
protection and  
performance

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## Expanding e-Payments Adoption, Acceptance and Usage

Day Two: Thursday, 24 January 2019

<b>SESSION 8</b>	<b>Harmonisation of Digital Payments in Asia</b>
15.30	<b>Discussion with Asian payments stakeholders</b> Moderated by Greg Pote, APSCA
	<p><i>The objective of this session and discussion is for regulators, interbank networks, national payment schemes, international payment systems, banks, fintechs, payment services providers and technology providers to communicate, collaborate and coordinate with each other on practical issues relating to implementation of digital payments systems for the new era of digital commerce. The discussion covers both real-time consumer and retail payments as well as card-based payments from both domestic and cross-border perspectives. The objective is to explore whether harmonisation of digital payments initiatives can accelerate the adoption, acceptance and usage of e-payments across Asian markets.</i></p> <p><i>Participation in this discussion will enable payments stakeholders to:</i></p> <ol style="list-style-type: none"><li><i>1. Employ cross-industry and cross-sector collaboration to exchange information and share experience about latest developments and initiatives in national consumer and retail payment systems in the Asian region;</i></li><li><i>2. Establish channels between regulators, national payments organisations, payments schemes and industry in Asian markets for harmonisation of digital payments systems development, their acceptance and usage; and</i></li><li><i>3. Communicate with peers in other markets to reach common understanding of the requirements for harmonisation of digital payments systems across Asian markets, through equivalence of process and performance that support longer term objectives, including international interoperability.</i></li></ol> <p><i>To take these objectives forward it will also be considered whether a cross-industry and cross-sector group of payments stakeholders should continue to meet to develop a clear pathway towards harmonisation, integration and interoperability of cross-border digital payments services in Asia.</i></p>
	<p><i>Collaborating on payments policy and strategy</i></p>
<b>END OF DAY 2</b>	<b>Wrapping up</b>
16.45	<b>Closing remarks</b>
17.00	<b>Close of Digital Commerce Asia Pacific</b>