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### About Edward Chien:

Edward Chien is AVP, Sales Director Asia Pacific at Compass Plus, an international provider of retail banking and electronic payments software to processors and financial institutions. In his role, Edward is responsible for helping to expand business in the Asia Pacific region.

With over 20 years' experience in the industry, Edward is an expert in payments and retail banking. Before joining Compass Plus, he has worked in other senior roles, selling solutions such as ATM driving, internet banking, card management systems, as well as hardware solutions, in various organisations in Asia Pacific.



# TECHNOLOGY AS A DRIVER FOR INNOVATION IN THE ASIAN PAYMENTS MARKET

The payments landscape in Asia is diverse. With almost half of the world's population calling the region home, and huge differences between cultures, it is understandable that meeting the needs of both consumers, merchants and financial institutions (FIs) is far from simple. For example, in Japan there is a preference for card payments, in Malaysia, bank transfers and cash win out, while the region as a whole is the fastest growing for mobile payments and e-commerce. As such, Asia represents an evolving and fast-paced payments environment, which offers both opportunities and challenges for payment service providers and FIs looking to meet the complex requirements of the region.

While the banking infrastructure across Asia was slower to develop initially than in mature markets, this has become an advantage for FIs in the region. Many Asian countries have 'leap-frogged' more traditional banking methods in favour of digital payments, and their adoption has undoubtedly been helped by the consumer-led shift towards new technology. The fact that the number of non-cash transactions in Asia is expected to reach 330 billion by 2021 – more than any other region, according to the World Payments Report 2018, is a testament to Asia's commitment to digital payments.

This readiness to adopt new technology has led to the entrance of new disruptive players, such as fintechs, into the region, directly competing with more established FIs. With such diverse requirements across numerous countries, the Asian payments market is having to evolve quickly to meet consumer needs, and new entrants are more than happy to take a slice of the pie. As a result, Asia is emerging as an innovation hub for payments, focused on making payments faster, cheaper, more transparent and reliable.

The challenge for traditional FIs can be encapsulated in one word – speed. Consumers are witnessing an ever-increasing rate of innovation from new providers, however, the same cannot be said for their banks. These emerging players are a major threat to traditional FIs as their nimble systems mean they can deliver innovative products and services to the market quickly, leaving more established players out in the cold.

To be competitive in the market today, technology is the undisputed key to differentiation. As such, the underlying payments infrastructure has to be flexible in order for FIs to compete. The evolution of payment platforms – from monolithic mainframes to

modular multi-database systems through to open development payments platforms (ODPPs) built on service-oriented architectures (SOA) – has grown banking from an institution-focused enterprise to a more customer-centric business, able to compete with new agile players.

As a younger region in terms of its payments infrastructure, Asia doesn't have the same technological constraints, however, in such a fast-paced market it doesn't pay to be complacent, and modern does not always mean future-proof. ODPPs offer FIs and other payment service providers the tools to achieve and deliver payments transformation. Penned in the industry as the future of payment systems, this architecture is specifically designed to meet the challenges presented by emerging payment technologies.

To keep their competitive edge, FIs need to have the capability to create something quickly and at very low cost. The problem that arises is that most FIs can't do this and those that can invest far too many resources at an extreme cost. Nothing is quick or cheap, not with the technology they have in place. However, ODPPs are agile and offer the development tools required to subsequently deliver products and services to market quickly with reduced overheads.

Technology drives sustainable value: with the right underlying platform, FIs can offer relevant user experiences alongside services that meet the needs of their customers and safeguards their loyalty. In short, they can offer value. FIs that want to truly compete with the new disruptive players in the market need a future-proof system that can drive innovation. It needs to offer them the flexibility to differentiate their business, as well as deal with the unknown future advancements of the payments industry.

The dynamic nature of Asia as an emerging market creates challenges that have never confronted the developed world, but also opens up opportunities for innovation and accelerated growth. The payments market is booming, with an increasing array of solutions and growing number of companies hoping to make payments simpler and more convenient, which puts it in the unique position of really driving innovation at a large scale. It is technology that will redefine the next generation of players in this payments space, as those at the forefront of innovation will have the technological capability to disrupt like alternative payment providers twinned with the reliability of the established players.