

2023 ASEAN LEADERS' DECLARATION ON ADVANCING REGIONAL PAYMENT CONNECTIVITY AND PROMOTING LOCAL CURRENCY TRANSACTION

Adopted in Labuan Bajo, Indonesia on 10 May 2023

WE, the Association of Southeast Asian Nations (ASEAN), namely Brunei Darussalam, the Kingdom of Cambodia, the Republic of Indonesia, the Lao People's Democratic Republic, Malaysia, the Republic of the Union of Myanmar, the Republic of the Philippines, the Republic of Singapore, the Kingdom of Thailand, and the Socialist Republic of Viet Nam, gathered in Labuan Bajo, Indonesia, on the occasion of the 42nd ASEAN Summit, on 10 – 11 May 2023;

RECALLING the goal of regional economic integration laid out in the ASEAN Economic Community Blueprint 2025, which envisions creating a deeply integrated and highly cohesive ASEAN economy that would support sustained high economic growth and resilience, by among others, ensuring that the financial sector is inclusive and stable;

ACKNOWLEDGING the role of faster, cheaper, safer, more transparent, and more inclusive cross-border payment systems and services in providing broader benefits to support regional economic growth and the digital economy and **RECOGNISING** the potential benefits of local currency usage in strengthening financial resilience, deepening regional financial integration by improving intra-ASEAN trade and investment, and bolstering regional value chains;

NOTING that various ASEAN initiatives have called for enhancing regional payment connectivity and promoting the use of local currency for cross-border settlement in the region, including the Strategic Action Plan (SAP) for Financial Integration (2016– 2025), the ASEAN Payment Connectivity Initiatives, and ASEAN Guideline on Local Currency Settlement Cooperation Framework (LCSF);

REALISING the ASEAN Comprehensive Recovery Framework (ACRF) and its Implementation Plan, which under the Broad Strategy 3: Maximising the Potential of Intra-ASEAN Market and Broader Economic Integration calls for Promoting Local Currency Usage, and the Broad Strategy 4: Accelerating Inclusive Digital Transformation calls for promoting financial inclusion including through digital financial services and regional payment connectivity;

EMPHASISING the importance of providing an enabling environment to strengthen regional linkages and payment systems to support faster, cheaper, safer, more transparent, and more inclusive cross border payments to promote the development of local currency markets in the region and reduce foreign exchange risks and volatility;

WELCOMING the progress of cooperation on regional payment connectivity and promotion of local currency usage in the region, including among others, the Memorandum of Understanding of Cooperation in Regional Payment Connectivity between Indonesia, Malaysia, Philippines, Singapore, and Thailand, the implementation of bilateral LCSF among some ASEAN Member States and **NOTING** interest of other ASEAN Member States' interests to join the initiative;

HIGHLIGHTING Indonesia's 2023 Chairmanship's theme "ASEAN Matters: Epicentrum of Growth", which underscores ASEAN's commitment to ensure that the region remains resilient, effective, and responsive to future regional and global challenges, while at the same time positioning ASEAN as the center of global economic growth.

HEREBY DECLARE TO:

1. **COMMIT** to advancing regional payment connectivity by utilising emerging opportunities brought by innovation to facilitate seamless and secure cross-border payment, taking country circumstances into consideration.
2. **ENCOURAGE** the use of local currencies for cross-border transactions in the region and support the establishment of a Task Force to explore the development of an ASEAN Local Currency Transaction Framework.
3. **SUPPORT** further cooperation on advancing regional payment connectivity and facilitating the interoperability of cross-border payment systems, improving infrastructure, accelerating digital payment adoption, deepening financial inclusion, developing human resources, strengthening cybersecurity, and others.
4. **SUPPORT** further cooperation on promoting local currency transactions and the role of financial sector authorities to reduce the region's vulnerability to external volatility; promote the creation of efficient pricing discovery, consider the provision of foreign exchange administration flexibility, improve financial market infrastructures, and lower the cost of cross-border transactions.
5. **WELCOME** the initiative to explore linking the ASEAN Local Currency Transaction Framework initiative with the cross-border payment initiatives, including Regional Payment Connectivity.
6. **ENGAGE AND COLLABORATE** with ASEAN's external partners, international organisations, and the private sectors to build cooperation and partnership in advancing regional payment connectivity and promoting local currency transactions.
7. **TASK** the ASEAN Finance Ministers and Central Bank Governors to oversee the implementation and advancement of regional payment connectivity and explore the development of an ASEAN Local Currency Transaction Framework, with the assistance and close coordination among relevant sectoral bodies.

Adopted on the Tenth Day of May in the Year Two Thousand and Twenty-Three in a single original copy in the English language.