

# Indonesia's Economic Foreign Policy Towards Thailand on Cross-Border Payment

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**Abstract.** The payment digitalisation in the era of globalization leads to financial integration with the cross-border payment implemented by ASEAN. This implementation is being conducted bilaterally among ASEAN member states, for instance between Indonesia, Malaysia and Thailand. The Memorandum of Understanding (MoU) signed by each central bank since 2022 aims to reduce the US dollar dependency which shows positive and progressive results. This issue is interesting to be studied further as the transaction of rupiah to ringgit is higher compared to baht, but Indonesia conducted the implementation of cross-border payment using QR Code for the first time with Thailand. Furthermore, there is a currency rate conversion between Indonesia and Thailand from each central bank. This article aims to analyze the implementation of Indonesia's economic foreign policy toward Thailand in the area of cross-border payments, with particular focus on the use of QR codes through QRIS and PromptPay. This article uses qualitative research methods with qualitative and quantitative data usage. Using the foreign economic policy which refers to Hiscox (2014), this article found that Indonesia has been cooperating with Thailand in using QR Code due to the exchange rate agreement between IDR and THB to maintain the stability of the exchange rates of each currency, people movement to travel that showed an increment in QR Code transactions, to perceive the mutual gains and recovery for the tourism and SMEs sectors, and private sector and independent central bank involvement within this implementation.

**Keywords:** Cross-border Payment, Indonesia, QR Code, Thailand.

**Abstrak.** Digitalisasi pembayaran pada era globalisasi mengarahkan pada integrasi keuangan dengan mekanisme *cross-border payment* yang diterapkan oleh ASEAN. Penerapan mekanisme ini masih dilakukan secara bilateral antarnegara anggota ASEAN yang salah satunya dilakukan oleh Indonesia, Malaysia, dan Thailand. *Memorandum of Understanding (MoU)* ditandatangani oleh masing-masing bank sentral sejak tahun 2022 ditujukan agar mengurangi ketergantungan dengan dolar AS yang menunjukkan hasil yang positif dan progresif dalam mekanisme ini. Hal ini menarik untuk diteliti karena transaksi rupiah terhadap ringgit lebih besar dibandingkan baht, tetapi Indonesia melakukan implementasi *cross-border payment* dengan penggunaan QR Code pertama kali dengan Thailand. Selain itu, terdapat implementasi konversi nilai tukar antara Indonesia dan Thailand yang ditentukan oleh Bank Indonesia dan Bank of Thailand selaku bank sentral masing-masing negara. Penulisan artikel ini bertujuan untuk menganalisis bagaimana implementasi kebijakan luar negeri ekonomi Indonesia terhadap Thailand dalam *cross-border payment*, khususnya pada penggunaan QR Code melalui QRIS dan Promptpay. Artikel ini menggunakan metode penelitian kualitatif dengan penggunaan data kualitatif dan kuantitatif. Dengan menggunakan konsep Kebijakan Ekonomi Luar Negeri yang merujuk pada Hiscox (2014), artikel ini menemukan bahwa Indonesia melakukan kerja sama dengan Thailand dalam penggunaan QR Code karena adanya kesepakatan nilai tukar antara IDR dan THB untuk menjaga stabilitas nilai tukar masing-masing mata uang, pergerakan masyarakat untuk berwisata yang menunjukkan peningkatan transaksi QR Code, mencapai keuntungan bersama dan memulihkan sektor pariwisata dan UMKM, serta keterlibatan sektor swasta dan bank sentral independen dalam pengimplementasian hal ini.

**Kata Kunci:** Cross-border Payment, Indonesia, QR Code, Thailand.

## 1. INTRODUCTION

The presence of globalization enables seamless goods, services, and human movement since cross borders among countries are getting blurrier. Apart from those three things, the technology advances are also directing to seamless transactions either among countries, markets, or people to people. One of the country's efforts in achieving this stage can be seen from Indonesia's effort in raising its agenda about local currency settlement on G20 or ASEAN. Local currency settlement is a bilateral transaction conducted through local currency which its transaction based on jurisdiction from each country (Bank Indonesia, n.d.) and QR code implementation as the payment method also included in the framework of local currency settlement. Indonesia brings this agenda to boost the economic through digital economy with better practice, inclusivity, openness, fairness, and no discrimination (Rifky, Nugrahaningsih, & Suratiningsih, 2023), also digitalisation acceleration towards economic-financial inclusion, remittances, retail trade, and SMEs (Bank Indonesia, 2022). To realize this, Indonesia through Bank Indonesia is working with several partner countries in ASEAN, including Singapore, Malaysia, Philippines, and Thailand. In addition, during Indonesia's G20 Presidency in 2022, the G20 together with the Financial Supervisory Board (FSB) agreed to achieve cross-border payment initiation by 2027 (Bank Indonesia, 2022).

After having attempts conducted by Indonesia in G20 Presidential 2022, Indonesia is trying to implement digitization of payments proposed on achieving the ASEAN Economic Community (Rilo, 2018). Before Indonesia collaborated with partner countries in ASEAN, Indonesia had signed a Memorandum of Understanding (MoU) with Malaysia and Thailand on August 25, 2023. The signing of the MoU began with subregional cooperation that had been carried out by the three countries, namely through the IMT-GT (Indonesia-Malaysia-Thailand Growth Triangle) since 1993 (Supadi, 2021) and represented by each central bank after a trial in the cross-border payment framework between Indonesia and Thailand in 2021, also Indonesia and Malaysia in 2022 in the use of QR Code (Bank of Thailand, 2023) (Medina, 2022). On the other hand, the three

countries had previously signed an MoU in the implementation of local currency settlement in 2017 encouraging the use of local currencies in transactions, especially in the trade and investment sectors. The cooperation between Indonesia, Malaysia, and Thailand is based on efforts to reduce dependence on the US dollar (USD) in transactions, the similarity of historical background, that is the economic crisis due to currency exchange rate fluctuations, and strengthening the rupiah (IDR), ringgit (MYR), and baht (THB) exchange rates (Syifa, 2024).

Although local currency settlement has been implemented among Indonesia, Malaysia, and Thailand, export and import transactions are still dominated by the use of US dollars in 2018 (Supadi, 2021). Local currency settlement transactions of ringgit were also higher compared to transactions of baht, which can be seen from 2018 to early 2023. In 2018, local currency settlement transactions of ringgit in 2018 amounted to US\$22.5 million and increased to US\$49.6 million in 2019. Besides that, in 2021, trade between Indonesia and Malaysia within this framework also showed an increase to USD\$19.5 billion, US\$27.9 billion in 2022, and reached US\$7.9 billion in the first quarter of 2023 (Shofa, 2023). On the other hand, local currency settlement transactions between rupiah and baht tend to be lower compared to ringgit. This can be seen since 2018, when transactions amounted to US\$9.2 million per month and showed an increase in 2019 to US\$13.7 million per month. Then, transactions within the framework of local currency settlement also showed an increase in 2021 at US\$16.2 billion and continued to increase to US\$19.2 billion in 2022 (Nofansya & Sidik, 2022).

Initially, local currency settlement was focused on trade and investment sector, but nowadays it will include tourism and SME sectors to enlarge the scope of local currency settlement usage in cross-border payment (Sutrisno, 2022). Furthermore, the payment digitization effort initiated by Indonesia with partner countries is also implemented with the QR Code usage. It is addressed to achieve fast payment which is conducted bilaterally and later will be attempted to cover multilaterally (Bank Indonesia, 2022). The QR Code usage by Bank Indonesia is one of the implementations of the

2025 Indonesian Payment System blueprint which is currently being implemented with several countries, one of which is Thailand. The Bank of Thailand stated that the integration of QR Code between Indonesia and Thailand can address the efficiency and inclusivity on cross-border payments so that QRIS and Thai QR Code, or known as Promptpay, can be implemented (IDN Financial, 2022).

With the cooperation between Indonesia and Thailand in the QR Code usage, Bank Indonesia and Bank of Thailand refer appointed cross currency dealers (ACCD) in their respective countries to implement direct quotation in converting each other's exchange rates in transactions. ACCD consists of banks or non-banks as parties that provide currency conversion services between rupiah and baht directly without using foreign exchange conversion to US dollars (Bank Indonesia, 2021). The exchange rate provisions between the rupiah and the baht use floating exchange rate provisions as an effort to reduce the use of US dollars bilaterally between Indonesia and Thailand (Sari, Akbar, Yeni, Putra, & Artha, 2023). In this case, the floating exchange rate is the application of a fluctuating currency exchange rate in response to market demand and supply (Hiscox, 2014).

To emphasize the novelty of this research from the written topic, this journal creates two categorizations based on previous literature, those are 1) the cooperation between Indonesia and Thailand in the financial sector, and 2) local currency settlement implementation of Indonesia and partner countries. Referred previous literatures are Azka (2023), Nofansya dan Sidik (2022), Rizki (2022), Sulfarid (2022) and Siahaan (2020) generally discuss about cooperation effort among Indonesia and partner countries such as Malaysia, Thailand, China, and South Korea according to their respective interests within the framework of local currency settlement as an effort to improve the economy in each country. Nevertheless, there is no specific discussion about implementation of Indonesia's foreign economic policy towards Thailand in the QR Code usage for cross-border payments. As previously explained, the QR Code implementation trial as the form of cross-border payment in local currency settlement between Indonesia and Thailand has been conducted

since 2021. It indicates that Thailand is the first country that collaborated with Indonesia in QR Code integration since it is assumed QR Code integration is cheaper and more effective compared to other payment mode systems (Azka, 2023). However, if we look at the data on local currency settlement transactions with partner countries, transactions in ringgit are higher than transactions in baht. Therefore, the research question is "how is the implementation of Indonesia's foreign economic policy towards Thailand in the use of QR Codes in cross-border payments?"

## 2. METHOD

This research will use qualitative research method referring to Neuman (2014) with explanatory research type to elaborate and enrich explanation of the theory or concept used with topic and issue raised. In addition, the writing of this research will also use deductive qualitative research techniques by using concepts in International Relations in analyzing the phenomena written in this research with empirical evidence as a reinforcement of the analysis (Neuman, 2014).

To support this research, the use of qualitative data consisting of words, images, or objects from secondary sources, such as documents, data, official websites, books, journals, and other supporting data as reinforcement of the writing of this research which will be collected through qualitative research techniques (Neuman, 2014). However, the author also does not rule out the possibility of using quantitative data, such as statistical data, which can later show the phenomena that occur in the topic raised in this research

## 3. RESULT AND DISCUSSION

As previously explained one of the objectives of implementing cross-border payment within the local currency settlement framework is to reduce the dependence on US dollars. In this case, either Bank Indonesia or Bank of Thailand attempt to align regulation and payment specifications, including how to convert each country's currency in making transactions, especially when using QR Codes.



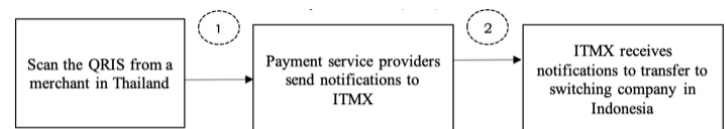
### 3.1 Exchange Rate as Indonesia's Economic Foreign Policy Preference towards Thailand in Cross-Border Payment

The QRIS and Promptpay implementation is based on the local currency settlement framework by the MoU among Indonesia, Malaysia, and Thailand on December 11, 2017. Local currency settlement was aimed at the economic crisis that hit Asia in the late 1990s due to dependence on the US dollar, so that the exchange rates of the currencies of the three countries weakened, so that the efforts made were to adopt a more flexible exchange rate policy (Sato, 2019). Even though the MoU was signed by the three countries, but in practice it is still conducted bilaterally between countries in the Cooperation Framework to promote bilateral transaction in local currency between countries (Bank of Thailand, 2023). In the early implementation of this local currency settlement, the focus was still on the trade and investment sectors so that involved actors were focused on market players. However, the QR Code usage in cross-border payments conducted in trials in 2021 also targets consumers and merchants in each country so that they can transact directly. The transactions were conducted by implementing direct quotation currency conversion of each country with the appointment of ACCD from each central bank, in this case Bank Indonesia and Bank of Thailand, with the aim of reducing transaction costs which originally had to be converted to US dollars before exchanging from rupiah to baht and vice versa (Bank Indonesia, 2021).

In implementing QR Code transactions between the two countries, the application of the exchange rate is conducted using a floating exchange rate<sup>1</sup> as a form of flexibility for rupiah and/or baht transactions, and is intended as a form of not being completely dependent on the US dollar. Previously, the exchange rate set for conversion to the US dollar was using a fixed exchange rate (Sari, Akbar, Yeni, Putra, & Artha, 2023). The full rollout of QRIS and Promptpay implementation was executed in 2022 (Bank of

Thailand, 2022). The following is an illustration of the conversion from rupiah to baht, or vice versa, based on the local currency settlement framework.

**Figure 3.1 Illustration of Conversion of Each Currency between Rupiah and Baht Based on Local Currency Settlement (LCS) Framework.**



Source: (Bank Negara Malaysia, n.d.) processed by the author (2024)

#### Description:

<sup>1</sup> Direct conversion from THB to IDR

<sup>2</sup> IDR transfer from ITMX to *switching company* in Indonesia

<sup>3</sup> *Switching company* of Indonesia will receive IDR and will forward to payment service provider in Indonesia (ACCD)  
\* Conversion steps between IDR to THB also conducted at the same way

\*\* Transaction steps of QR Code between Indonesia and Thailand will be discussed in the next section.

Transactions occurred between Indonesia and Thailand conducted through several steps as shown in the chart above. From the Thailand side, consumers can scan QRIS at Indonesian merchants, then the payment service provider sends notification to ITMX (Internetbank Transaction Management and Exchange)<sup>2</sup> to accept the notification and reduce consumers' balance. Next step is ITMX will transmit to the switching company which has been appointed by Bank Indonesia as the provider of the merchant and the switching company will forward the payment-to-payment service provider (ACCD) in Indonesia. The same steps are also conducted if Indonesian consumers will scan Promptpay in reverse transaction flow (Bank of Thailand, n.d.).

ACCD consists of either bank or non-bank which are appointed by Bank Indonesia and Bank of Thailand to provide QRIS and Promptpay payment facilities. From the Indonesia side, ACCD consists of BNI, BCA, BRI, Bank Mandiri, Bank Pembangunan Daerah Bali, Bank CIMB Niaga, Bank Permata, Bank Mega, Bank Maybank, Bank Sinarmas, Dana (PT. Espay

<sup>1</sup> Referring to Hiscox (2014), the Floating Exchange Rate is to let the value of the national currency fluctuate freely in response to market demand and supply, while the fixed exchange rate is to set currency value based on other currencies or external standards. In other words, when the government sets official exchange rates and is committed to buying currencies at

the exchange rate if requested by the private sector or foreign governments (Hiscox, 2014)

<sup>2</sup> ITMX is a developer and provider of electronic payment infrastructure in Thailand managed by Bank of Thailand (ITMX, n.d.)

Debit Indonesia), LinkAja (PT. Fintek Karya Nusantara), Ottocash (PT. Transaksi Artha Gemilang), Shopeepay (PT. Airpay Internasional Indonesia), dan PT. Telkom Indonesia. From the Thailand side, ACCD consists of Bank of Ayudhya (Krungsri), Bangkok Bank (BBL), and CIMB Thailand. Either Indonesia or Thailand will continuously add ACCD parties to facilitate payment through QR Code for both countries (Bank Indonesia, 2021).

Cross-border payments cover several aspects, such as technical, business, and legal, as well as the involvement of several parties appointed by the central bank in implementing QR Code between Indonesia and Thailand, such as ASPI (Indonesian Payment Association)<sup>3</sup> from Indonesia, ITMX from Thailand acts as switching company, ATM Bersama (Artajasa Pembayaran Electronic), ATM prima (Rintis Sejahtera), ATM Link (Sigma Cipta Caraka), dan ATM Alto (Daya Network Lestari switching company in Indonesia (Kominfo, n.d.), and ACCD, include as payment service provider (Bank of Thailand, n.d.) (The Jakarta Post, 2018).

In the G20 Roadmap on improving the speed, cost, transparency and accessibility of cross-border transfers, it was agreed that countries need to adopt and implement ISO 20022 through High-Value Payment Systems to implement fast payments, including across the SWIFT network for cross-border payments and reporting. The adoption of ISO 20022 has been implemented from March 2023 to November 2025 which allows for it to be structured (Swift, 2024). SWIFT as one of the global payment systems not only acts as a payment service provider for market players, but also consumers (people-to-people) and SMEs (Swift, 2024). SWIFT not only moves funds, but also facilitates cross border financial information flow that supports SWIFT users, such as banking institutions, companies, investments firms, market infrastructures, and does not preclude individuals who use the SWIFT network. SWIFT network provides communication between one bank to another bank efficiently with low cost (Jin, 2022) so that SWIFT acts as a connector between one bank with another bank and those banks that transact. Transaction fees applied depend on the type of transfer, destination

country, foreign exchange fees, and tracking fees. There are at least three types of transfers in SWIFT, namely 1) BEN, the recipient bears all costs of the transaction received within a short time, 2) OUR, The sender bears all costs that are usually charged separately and the transaction is received in full, and 3) SHA, each party is charged by each bank with the sender being charged separately from the sending bank and the recipient paying to the receiving bank for the transactions made (Schonken, 2023).

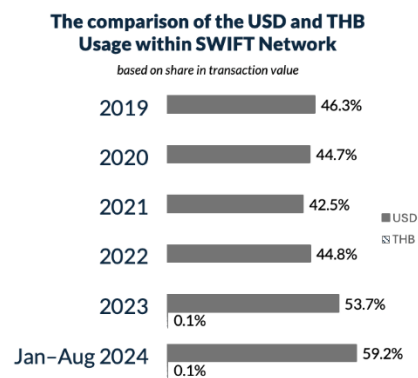
On the other hand, cross border implementation in local currency settlement is used to use the local currency of each country that has collaborated and reduce dependence on the US dollar. However, currently there is no strong foreign exchange market for currencies in Southeast Asia and this means that the spread between the buy and sell rates for local currency pairs in Southeast Asia can be more than double the spread between the buy and sell rates for local currencies against the US dollar (Greene, 2022). Therefore, in the context of cross-border payment cooperation between Indonesia and Thailand in the QR Code usage, a floating exchange rate system is applied and the exchange rate between the rupiah and baht is adjusted based on the exchange rate from the organizer used by consumers in storing their funds. In contrast to SWIFT, cross-border payments are a mechanism established between countries, usually through banks or non-banks appointed according to agreement (Schonken, 2023). The position of cross-border payments can be said to be complementary to SWIFT as an alternative transfer service that is conducted because its form is not a replacement because the use of US dollars is still applied.

In the SWIFT network, the use of dollars still dominates from January 2019 to August 2024. Compared to rupiah and ringgit, the baht ranks 15th out of 24 countries using SWIFT in terms of total value share (Statista, 2024). Below is a comparative table of the use of US dollars and baht on the SWIFT network.

<sup>3</sup> <sup>3</sup>ASPI has the authority by Bank Indonesia to make rules in the payment system industry by having

one of the goals to lead to Less Cash Society (ASPI, n.d.)

**Figure 3.2 The Comparison of the USD and THB Usage within SWIFT Network**



Source: (Statista, 2024) processed by the author (2024)

On the other hand, if it is compared to the use of digital payment between Indonesia and Thailand, the following is a comparison from 2021 to the projections to be achieved in 2024. Indonesia's total transaction value in the digital payment market, which includes mobile payments via smartphones and cross-border money transfers via the internet (digital remittance), is projected to reach US\$102.30 trillion in 2024. It continuously increases from 2021 until 2024 consecutively, namely with a value of US\$71.71 trillion, US\$77.54 trillion, US\$88.43 trillion, and US\$102.30 trillion (Statista, n.d.). On the other hand, Thailand's total transaction value in 2024 is projected to reach US\$39.28 trillion with Promptpay usage of THB32.742 trillion in 2021, THB 43.206 trillion in 2022, and THB 47.419 trillion in 2023 (Statista, n.d.).

When using QR Code on QRIS and Promptpay, there are no transaction fees charged to consumers when sending money. However, in local currency settlement, there are several fees which are customized by each ACCD bank, such as 1) Telegraphic transfer fees, which is a service that enables you to send money to account abroad in the range of Rp35.000 to Rp75.000 (Bank Mandiri, n.d.) (BCA, n.d.), and 2) Provision fee, which is a fee charged if the source currency of the funds is the same as the foreign currency sent (Bank Mandiri, n.d.). As previously explained, both Bank Indonesia and Bank of Thailand apply floating exchange rates, thus providing flexibility for ACCD in determining the exchange rate in transactions conducted on their systems.

Based on data from the Bank of Thailand as of April 4, 2024, the following is the cross-border

payment mechanism implemented between Indonesia and Thailand in using QR Codes.

**Table 3.2 Cross-border payment Indonesia and Thailand**

Users from Indonesia who make transactions in Thailand			Users from Thailand who make transactions in Indonesia		
Participating Bank from Indonesia	Eligible QR Payment at Thailand Merchant	Transaction Limits	Participating Bank from Thailand	Eligible QR Payment at Indonesia Merchant	Transaction Limits
ACCD	Bangkok Bank Kasikorn Bank Krungthai Bank SCB Bank of Ayudhya CIMB Thai	IDR 5,000,000 per transaction	Bangkok Bank Krungthai Bank Ayudhya CIMB Thai	QRIS	THB 100,000 per transaction THB 500,000 per day

Source: (Bank of Thailand, n.d.) processed by the author (2024)

Referring to Bank Indonesia data on its social media, the development of QRIS transactions as of February 2024 inbound amounted to 368.65 million rupiah, while outbound data amounted to 10.19 billion rupiah (Bank Indonesia, 2024). Additional data also shows that QRIS transactions in Indonesia as of July 2024, the increase in QRIS transactions in Indonesia was 13% month-to-month from the Thai community, while the increase in QRIS in Thailand was 9% month-month (Bank Indonesia, 2024). The implementation of QR Code between Indonesia and Thailand is intended to advance MSMEs as an effort to maximize the economy and digital financial ecosystem connected to Promptpay. This is one of the reasons why Indonesia chose to work with Thailand in the first cross-border implementation of QR Code. In addition, in 2018 to 2023, Indonesia's gross domestic product (GDP) was respectively US\$1,043 trillion, US\$1,119 trillion, US\$1,063 trillion, US\$1,188 trillion, US\$1,319 trillion, and US\$1,417 trillion, while Thailand's GDP was respectively US\$507 trillion, US\$544 trillion, US\$500 trillion, US\$506 trillion, US\$495 trillion, and US\$512 trillion. Indonesia ranks first in GDP income, followed by Thailand in second place (Statista, n.d.) whose main source of GDP income comes from tourism (Statista, n.d.).

### 3.2 Bank Indonesia as an Administrative and Bureaucratic Body Determines Exchange Rate as Policy Preference in International Economic Policy.

Bank Indonesia as the central bank issued QRIS as one of the efforts to achieve the ASEAN

Payment Connectivity Initiatives as an effort to contribute to improving the tourism sector, MSMEs, and the national digital financial economy. In line with this, Bank Indonesia has been working with several other ASEAN member countries since 2022. However, Indonesia has been conducting trials with Thailand in implementing QR Code since 2021 (Kementerian Sekretariat Negara RI, 2022). At the G20 forum, the implementation of cross-border payments was planned to use the SWIFT network to achieve fast payments between countries by implementing ISO 20022 on High-Value Payment Systems. The adoption of ISO 20022 has been in effect since March 2023 to November 2025 (Swift, 2024).

In addition to achieving the ASEAN Payment Connectivity Initiatives, the implementation of cross-border payments is also planned on a global scale which is discussed through the G20, namely Advancing Regional Digital Payment Connectivity in Bali, November 14, 2022. In the regional scope, Indonesia has collaborated with Malaysia, Singapore, Thailand, and the Philippines through their respective central banks. The cross-border payment mechanism in ASEAN is considered as one of the commitments towards digital transformation (Kementerian Koordinator Bidang Kemaritiman dan Investasi, 2022). In addition, the signing of the MoU between the five countries will implement several things including QR Code through QRIS, fast payments, and Real Time Gross Settlement (RTGS) which were discussed at the 43rd ASEAN Summit in Jakarta. Other ASEAN countries are planned to sign the same MoU after the development and strengthening of their domestic payment systems are considered capable of implementing this (Kominfo, 2023).

The implementation of QR Code specifically between Indonesia and Thailand can be seen from the gross digital payment value in the six largest countries in ASEAN reaching US\$806 billion in 2022, increase 14% YoY and is expected to increase to nearly US\$1.2 trillion in 2024. The availability of smartphones and increasing internet usage play an important role in the widespread adoption of online banking, mobile money, and e-wallet services. In 2022, bank account ownership or registration with a mobile money provider increased from 12% to 62% since 2011. On the other hand, e-wallet

usage in ASEAN is one of the largest in the world in terms of e-wallet penetration, namely Thailand (92%), Vietnam (91%), Philippines (88%), Malaysia (86%), and Indonesia (82%) (World Economic Forum, 2023).

The implementation of QRIS and Promptpay between Indonesia and Thailand is addressed in shaping an effective payment ecosystem among market players, mainly on tourism sectors and MSMEs, so that it is not limited to only big market players, such as business-to-business entities. However, this also does not prevent the implementation of cross-border trade settlements, investments, and remittances, as well as other economic transaction activities that create inclusiveness of transactions in the region. Indonesia and Thailand are collaborating in cross-border payments to facilitate transactions between market players, especially in the tourism and SMEs sectors (Chandran, 2023). The existence of QRIS and Promptpay is also intended to foster a competitive attitude in the global market, which can be seen from Indonesia's efforts at the G20 regarding cross-border payments (World Economic Forum, 2023). In implementing QRIS and Promptpay, fees and exchange rates are determined based on mutual agreement between Indonesia and Thailand through their central banks. Then, the central bank will provide flexibility for ACCD in charging these fees in the exchange rate conversion process between rupiah and baht (Chandran, 2023).

Although the current efforts being made are still bilateral, Bank Indonesia as Indonesia's central bank plans to collaborate with the Bank for International Settlements and Project Nexus to expand the scope of cross-border payment implementation, either regionally or globally. This payment system will standardize to connect other payment systems that will be connected to Nexus. This network will protect SWIFT with two-factor authentication (2FA) to prevent fraud or hack attacks when one party will make a transaction to the destination bank (Nexus, n.d.). On the other hand, the use of Nexus allows reaching the entire system globally and avoiding the creation or use of special bilateral links (World Economic Forum, 2023) (BIS, 2024).

Although the MoU implementation looks promising, there are still several challenges that must be recognized by Bank Indonesia and Bank



of Thailand, one of which is the awareness and knowledge of market players, especially in the MSME sector, to use QR Codes in transactions. The mechanism for using QR Codes is still largely unknown to market players and from the Indonesian side, there are several fees charged to merchants of 0.3% for micro businesses and 0.7% for other transactions known as the merchant discount rate (MDR) (CNBC Indonesia, 2023). In addition, other challenges to achieving regional payments are also found due to differences in domestic payment systems that apply different technical standards, message formats, and process flows. Although ISO 20022 has been implemented, these systems are often adjusted in an incompatible way and this technical factor adds to the complexity of the relationships that will be formed by countries in implementing cross-border payments (World Economic Forum, 2023). Therefore, this requires collective action from stakeholders and market players to implement a payment ecosystem using QR Codes.

#### 4. CONCLUSION

Indonesia's foreign economic policy towards Thailand in cross-border payments using QR Code is implemented by considering the exchange rate in the conversion of exchange rates between rupiah and baht with the appointment of ACCD in each country by the central bank and the application of a floating exchange rate that is returned to each bank or non-bank in applying the necessary costs. This effort is made to reduce dependence on the US dollar and strive to achieve the ASEAN Payment Connectivity Initiatives and Advancing Regional Digital Payment. Although its implementation is still being developed to produce a more positive trend in the use of QR Codes, there are several challenges faced, such as differences in domestic payment systems, as well as awareness and knowledge of market players in using the QR Code payment mode.

This paper only discusses the exchange rate as one of the preferences of economic foreign policy which explains how Indonesia regulates and negotiates with Thailand in the conversion of exchange rates between rupiah and baht as a form of reducing dependence on the dollar so that further research is needed that discusses other preferences that can explain in

more detail the application of QR Code in cross-border payments, such as trade, immigration, and foreign investment by presenting supporting data. Future papers may focus more on how the implementation of QR Codes can impact trade in each country as well as foreign investment entering Indonesia and/or Thailand as a form of local currency settlement.

The conclusion should be written clearly and concisely, providing a strong understanding of the significance of the research and its contribution to knowledge.

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