

HIGH-LEVEL CONFERENCE OF THE SEACEN EXECUTIVE COMMITTEE

CONFERENCE HIGHLIGHTS

October 2026 | Bali, Indonesia

The South East Asian Central Banks (SEACEN)
Research and Training Centre

The **SEACEN** Centre

HIGH-LEVEL CONFERENCE OF THE SEACEN EXECUTIVE COMMITTEE

Central Banking in the Age of Artificial Intelligence: Payments, Regulation, and Financial Stability for a Connected Asia

October 2026 | Bali, Indonesia

The South East Asian Central Banks (SEACEN) Research and Training Centre

The **SEACEN** Centre

CONTENTS

Foreword ii

Opening Session 1

Keynote Address:
Central Banking in the Age of Artificial Intelligence 3

Session 1: Regulation and Supervision
in an AI-Enabled Financial System 5

Session 2: AI, Cross-Border Payments, and Financial Stability in Asia:
Strengthening Regional Cooperation 8

Panel Discussion: Navigating the AI Frontier: Resilience,
Cross-Border Spillovers, and Financial Stability in Asian Payments 11

Closing Remarks 14

FOREWORD

The rapid evolution of artificial intelligence (AI) is transforming central banking, financial regulation and regional payment systems across Asia. While AI technologies offer opportunities to streamline central bank operations, enhance predictive analytics and enable faster, more interconnected payment systems, they also introduce significant challenges. Risks arising from third-party provider concentration, algorithmic market volatility, data security vulnerabilities and cyber threats call for adaptive governance, robust oversight and stronger regional cooperation.

This document captures the key highlights of the SEACEN High-Level Conference, held in conjunction with the 25th Meeting of the SEACEN Executive Committee in Bali, Indonesia, in October 2026, under the theme "Central Banking in the Age of Artificial Intelligence: Payments, Regulation, and Financial Stability for a Connected Asia." Bringing together central bank leaders, policymakers, experts and scholars from across the region and beyond, the conference provided a platform to explore the implications of AI for central banking, financial supervision, payment systems and cross-border connectivity.

Throughout the discussions, three key priorities emerged. The first was the need to strengthen governance and trust by developing transparent, risk-based AI governance frameworks while enhancing supervisory capabilities, data governance and human accountability. The second was to advance payment connectivity safely by leveraging AI, cross-border QR linkages and digital payment infrastructure to improve efficiency and financial inclusion, while strengthening fraud prevention, cybersecurity and operational resilience. The third was to deepen regional cooperation through information-sharing, coordinated approaches to emerging risks and joint capacity building facilitated by The SEACEN Centre and regional partnerships.

As central banks navigate this rapidly evolving technological landscape, balancing innovation with financial stability remains essential. We hope this conference highlights provide valuable insights and practical perspectives for policymakers, practitioners and institutions, and support continued dialogue and cooperation towards a secure, resilient and inclusive financial future for Asia.

OPENING SESSION





Opening Session

Cynyoung Park
Executive Director
The SEACEN Centre

Ricky P. Gozali
Deputy Governor
Bank Indonesia

Dr. Cynyoung Park, Executive Director of The SEACEN Centre, and Deputy Governor Ricky Gozali of Bank Indonesia opened the high-level conference by addressing the profound influence of artificial intelligence (AI) on central banking. Both leaders emphasized that while AI offers tremendous opportunities to boost productivity, enhance risk assessment, and improve financial services, its rapid integration introduces complex challenges that demand careful governance and proactive regional cooperation.

Dr. Park highlighted that AI can significantly improve compliance, planning, and fraud detection, but cautioned that it also creates systemic risks through opaque models, data dependence, cyber threats, and the concentration of technology providers. She stressed that Asia's expanding payment connectivity must rely on compatible rules, robust governance, interoperable systems, and reliable liquidity arrangements, noting that faster payment rails cannot serve as a substitute for a financial safety net. Additionally, she shared that SEACEN is devoting over a quarter of its 2026 research and capacity-building efforts to AI, digital technology, and governance.

Deputy Governor Gozali focused on ensuring that AI-driven innovation builds trust, financial stability, and inclusion. He outlined three major challenges for central banks: maintaining public trust via ethical, transparent, and human-centred AI; managing stability risks stemming from algorithmic behavior and cyber threats; and modernizing regulatory frameworks to be more agile and risk-based. To address these issues, he detailed three key priorities: establishing trusted AI governance, leveraging AI for more efficient and inclusive payment ecosystems, and strengthening regional collaboration through SEACEN. He concluded by echoing former Bank for International Settlements General Manager Agustín Carstens' perspective that the future of central banking is inextricably bound to innovation.

The opening session underscored the vital necessity of balancing technological advancement with sound governance, rigorous risk management, and public trust. As AI continues to transform the financial landscape, central banks across Asia must reinforce their institutional capabilities and collaborate closely to harness its benefits while safeguarding financial stability.





KEYNOTE ADDRESS

Central Banking in the Age of Artificial Intelligence



Speaker

Philip Schellekens
Chief Economist, Asia and the Pacific
UNDP

Moderator

Timothy Marbun
Senior Broadcast Journalist

In his keynote address, Philip Schellekens, Chief Economist for UNDP Asia-Pacific, examined the implications of artificial intelligence (AI) for central banking amid long-term global progress and growing economic uncertainty. While projecting a "Great Income Inversion" in which the share of people living in low-income countries declines significantly by 2050, he cautioned that persistent inequalities, unmet Sustainable Development Goals and heightened global turbulence remain significant challenges.

Schellekens explored AI's impact across three areas: the broader economy, the financial system and central bank operations. AI is driving investment booms and creating uncertainty around future productivity, while transforming financial activities such as algorithmic trading, credit risk assessment and fraud detection. However, it also introduces risks, including technology-provider concentration and cyber threats. Within central banks, AI is increasingly being used for forecasting, language-related tasks and oversight.

To address these developments, Schellekens outlined three priorities. Central banks should adapt monetary policy frameworks by distinguishing demand and supply-side effects in forecasts, monitoring AI-related cost indicators and communicating equilibrium interest rates as ranges. They should strengthen supervisory capabilities by adopting AI tools internally, applying existing operational and model-risk frameworks, and pooling resources. At the same time, they must safeguard financial stability while supporting innovation by treating provider concentration as a potential systemic risk and strengthening payment-system resilience through shared fraud intelligence.

During the subsequent fireside chat, Schellekens elaborated on the risk that AI could widen global economic disparities, as differences in technological

capabilities and institutional resilience may leave developing economies at a disadvantage. He noted that AI tends to favour capital and could make both capital and labour increasingly reproducible, placing greater pressure on developing economies that lack adequate digital infrastructure and fiscal buffers.

On monetary policy, he cautioned against assuming productivity gains before they materialise, as premature policy easing could fuel inflation and undermine central bank credibility. He also stressed that shared dependencies on AI models could turn individual institutional vulnerabilities into systemic risks, underscoring the importance of regional cooperation through shared tool libraries, common incident classifications and joint risk inventories.

The keynote session highlighted the need for central banks to look beyond the immediate benefits of AI and prepare for its broader economic and financial implications. Strengthening policy frameworks, supervisory capabilities and regional cooperation will be essential to managing emerging risks while ensuring that AI-driven progress supports economic resilience and more inclusive development.





SESSION 1

Regulation and Supervision in an AI-Enabled Financial System



Speakers

Maximilian Freier
Lead Economist
Directorate General Economics
European Central Bank

Hammam Riza
President
Collaborative Research and Industrial Innovation in Artificial Intelligence Association (KORIKA)

Young-Jik Lee
Minister-Counsellor at Mission of the Republic of Korea to ASEAN and Head of ASEAN-Korea Financial Cooperation Centre (AKFCC)

Moderator

Timothy Marbun
Senior Broadcast Journalist

The session examined how artificial intelligence (AI) is transforming central banking, financial supervision and industrial development, highlighting the need to balance innovation and productivity gains with effective governance, cybersecurity and financial stability. The presentations explored the opportunities and risks of AI adoption, followed by a panel discussion on institutional readiness, technological dependence and regional cooperation.

Maximilian Freier, Lead Economist in the Directorate General Economics at the European Central Bank, discussed AI's potential to drive long-term economic growth while acknowledging the uncertainty surrounding its ultimate impact. He highlighted its growing applications in macroeconomic forecasting, alternative data analysis, econometric modelling and internal operations. However, AI also introduces risks involving market volatility, algorithmic trading and

dependence on technology providers. He stressed the importance of staff training, practical governance frameworks and human accountability for final decisions.

Prof. Dr. Ir. Hammam Riza, President of KORIKA, examined AI-enabled supervision from an emerging-economy perspective. He highlighted Indonesia's expanding digital economy and payment ecosystem, alongside growing exposure to scams, deepfakes and cross-border financial crime. He advocated strengthening supervisory technology through real-time data, network analytics and early-warning tools. He also called for regional cooperation through shared fraud intelligence, common AI risk classifications, joint testing and privacy-preserving federated learning.

Lee Young Jick, Head of the ASEAN-ROK Financial Cooperation Centre, explored AI-driven growth in ASEAN and Korea. He discussed regional initiatives, including the ASEAN Digital Economy Framework Agreement and responsible AI initiatives, alongside Korea's investments in AI semiconductors, data centres, robotics and AI-enabled manufacturing. He also introduced the K-AI Package, which combines sector-specific AI solutions, infrastructure and development financing to support partner countries.

During the panel discussion, Freier emphasized that AI often accelerates existing risks, including data security and operational vulnerabilities, rather than creating entirely new categories of risk. Nevertheless, AI is also essential for helping central banks monitor rapidly evolving financial markets and economic structures. He noted that smaller, locally hosted AI models may be more secure and cost-effective for many applications. Preparing for rapid technological change will require continuous upskilling, institutional readiness and sound data governance.

Prof. Riza highlighted three broad AI risk categories: malicious use and cyber threats, system malfunctions such as biased outputs and hallucinations, and systemic vulnerabilities arising from autonomous AI agents. Responding to a question about QR payments, he stressed the need for continuous, multilayered security, threat intelligence sharing and AI-powered fraud detection. He cautioned that regulation must remain agile to protect consumers without unnecessarily stifling innovation.

Lee emphasized that AI is transforming manufacturing value chains and requires substantial investment in technology and infrastructure. He highlighted Korea's Sovereign Growth Fund and reiterated the K-AI Package's role in supporting international cooperation. Addressing technological dependence, Lee and Freier agreed that partnerships with global technology companies remain valuable, but must be complemented by domestic capacity-building, locally adapted open-source models and stronger national capabilities.

The discussions underscored that responsible AI adoption requires more than technological investment. Strong governance, skilled institutions, secure digital infrastructure and regional collaboration will be essential to harnessing AI's benefits while safeguarding financial stability and maintaining strategic independence.




THE 25TH SEACEN
EXCO MEETING






SEACEN Executive Committee
High Level Conference
Central Banking in the Age of Artificial Intelligence:
Payments, Regulation, and Financial Stability
for a Connected Asia
BALI, INDONESIA | 5 OCTOBER 2026

SESSION 2

AI, Cross-Border Payments, and Financial Stability in Asia:
Strengthening Regional Cooperation



Speakers

Kenichi Ueda
Director of the Center for Advanced Research in Finance (CARF) and Professor at the Graduate School of Economics and the Graduate School of Public Policy, University of Tokyo

Jinill Kim
Monetary Policy Board Member
Bank of Korea

Bambang Brodjonegoro
Dean and CEO
Asian Development Bank Institute

Moderator

Timothy Marbun
Senior Broadcast Journalist

The session explored how emerging technologies and regional cooperation can transform cross-border payments in Asia while safeguarding monetary and financial stability. The presentations examined new monetary arrangements, advances in payment infrastructure and the role of artificial intelligence (AI), highlighting the importance of balancing efficiency and innovation with sound monetary policy and robust risk management.

Prof. Kenichi Ueda of the University of Tokyo presented options for new Asian monetary arrangements, ranging from existing payment platforms to advanced systems supporting contingent claims. He explained how blockchain could enable faster, lower-cost transactions, support complex contracts and strengthen anti-money laundering efforts, while AI-enabled automated market makers could improve liquidity in thinly traded currency markets. He also proposed that a regional currency unit basket could distribute seigniorage income more equitably, provided participating economies maintain sound macroeconomic policies.

Prof. Jinill Kim, Member of the Monetary Policy Board of the Bank of Korea, outlined Korea's efforts to improve cross-border payments, including the

Korea–Indonesia QR payment linkage launched in April 2026, extended BOK-Wire+ operating hours and ISO 20022 harmonisation. He discussed Project Agorá, which explores tokenised central bank reserves and commercial bank deposits for wholesale cross-border payments, and Project Hangang, which advances domestic digital money infrastructure. Early testing of agentic AI-based micropayments demonstrates further possibilities, although managing capital outflows and intraday liquidity remains essential.

Bambang Brodjonegoro, Dean and CEO of the Asian Development Bank Institute, examined AI's potential to improve payment screening, transaction routing and liquidity forecasting, while highlighting systemic risks from shared models and technology providers. He discussed regional wholesale payment gaps, lessons from the USDC de-pegging episode and Project Nexus as a model for connecting domestic instant payment systems. He also emphasised the importance of regional cooperation, particularly in ensuring smaller economies have access to affordable testing and appropriate risk-based participation.

During the panel discussion, Prof. Ueda cautioned that stablecoins and digital technologies could accelerate capital flight and dollarisation in economies with low investor confidence. Unlike financial instruments with contingent payouts, stablecoins cannot absorb shocks in the same way. He suggested that on-chain equities and bonds could eventually provide stronger shock-absorbing mechanisms, while acknowledging that digital capital flight may offer citizens an escape from poorly managed domestic financial systems.

Prof. Kim warned that stablecoins could accelerate liquidity shifts and complicate monetary policy transmission, amplifying vulnerabilities similar to those seen during banking crises. He urged emerging economies to adopt digital financial innovations gradually, supported by robust liquidity management and financial stability safeguards. Dean Brodjonegoro highlighted disparities in technological readiness across Asia and called for stronger digital infrastructure, reliable identity systems and ASEAN+3 cooperation against cyber threats and cross-border scams.

During the Q&A session, Daryl Ho of the Hong Kong Monetary Authority noted that cross-border retail payment barriers often stem from commercial and legal arrangements rather than technology itself. He also highlighted the challenges of monitoring anti-money laundering compliance on blockchains, where unhosted wallets can be created at minimal cost.

The discussion concluded that AI and blockchain offer significant opportunities to improve payment efficiency, but technology concentration and dependence on major providers pose strategic risks. Modernising existing systems, strengthening domestic capabilities and deepening regional cooperation will be essential to building secure, resilient and inclusive cross-border payment networks.




selines
3 Review before expar
speed,
esults and reso
aps before s


OCTOB 2026





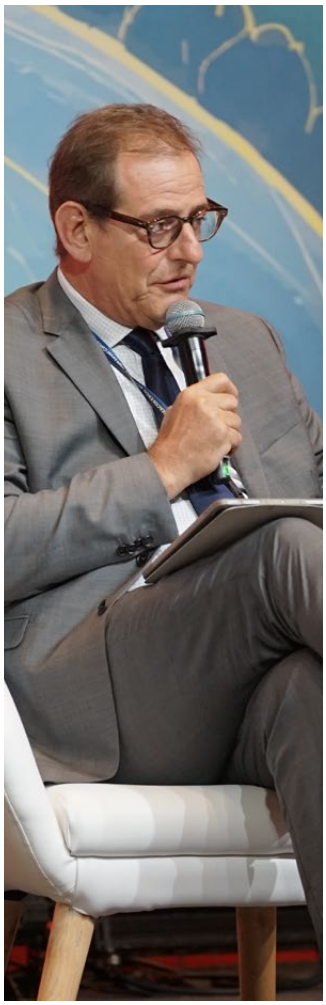
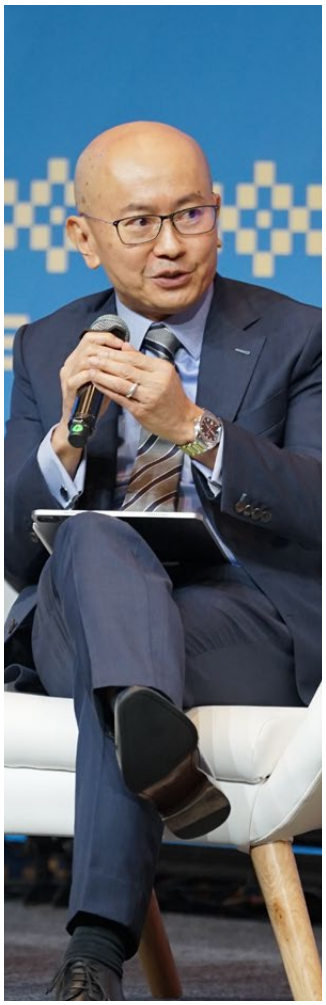

08




IA | 5 OC BER 2026

PANEL DISCUSSION

Navigating the AI Frontier: Resilience, Cross-Border Spillovers and Financial Stability in Asian Payments



Panellists

Dirgha Rawal
Deputy Governor
Nepal Rastra Bank

Stéphane Latouche
Chief Representative for Asia-Pacific
Banque de France

Daryl Ho, JP
Executive Director (External)
Hong Kong Monetary Authority

Saladin D. Effendi
ICT Director
Bank Rakyat Indonesia

Moderator

Timothy Marbun
Senior Broadcast Journalist

The panel discussion examined how artificial intelligence (AI) is reshaping financial services, payment systems and risk management across advanced and emerging economies. It explored AI's potential to improve efficiency and financial inclusion, alongside growing concerns about systemic risk, consumer protection, institutional readiness and regulatory oversight. The panellists emphasised that as AI accelerates financial activity, resilience and cross-border cooperation must keep pace.



Stéphane Latouche, Chief Representative for Asia-Pacific at Banque de France, discussed AI's potential to transform payment systems, from improving customer experiences and enabling autonomous agentic payments to strengthening fraud detection, know-your-customer checks, sanctions screening and liquidity management. However, integrating AI into central bank infrastructure, including real-time gross settlement systems, presents challenges because these systems rely on predictable rules while AI operates probabilistically. He highlighted the need for a risk-based approach to consumer protection, noting that high-risk applications such as creditworthiness assessments and life insurance pricing require strong governance, transparency, fairness and human oversight.

Daryl Ho, Executive Director (External) at the Hong Kong Monetary Authority, highlighted three dimensions of AI-related financial stability risk: efficiency, interconnectedness and concentration. AI can accelerate market disruptions within milliseconds, transmit shocks rapidly across interconnected markets and create single points of failure through shared models and third-party providers. He also warned that algorithmic trading strategies based on sentiment and momentum can cause market participants to react simultaneously, triggering pro-cyclical sell-offs. Concentration and opaque financial commitments among major AI technology providers could further expose the financial system to market corrections.

Saladin D. Effendi, ICT Director at Bank Rakyat Indonesia, shared the bank's experience deploying AI and machine learning across its large customer and transaction base. These technologies have helped double productivity and sales volumes, including in the micro and ultra-micro sectors, where customer data can be limited. BRI uses government data integration, facial recognition, liveness checks and multi-factor authentication to strengthen verification. Effendi stressed that AI supports customer profiling and product recommendations, while human analysts retain responsibility for final credit and transaction decisions.

Dirgha Rawal, Deputy Governor of Nepal Rastra Bank, offered the perspective of a smaller emerging economy where AI adoption remains exploratory. Potential applications include regulation, supervision, payment systems, foreign exchange oversight and off-site analysis. He highlighted risks involving data integrity, AI-enabled cybercrime, third-party concentration, inaccurate model outputs and limited digital and financial literacy. He advocated a consultative regulatory approach, with guidelines developed alongside market participants as use cases emerge, supported by peer learning through SEACEN.

During the Q&A, the panel discussed whether AI-driven herding could stabilise or destabilise markets. Ho explained that although some algorithms seek long-term fair value, sentiment and momentum-based strategies can synchronise trading decisions and amplify liquidity pressures. The discussion also examined central bank interventions during market stress and the potential moral hazard created when market participants anticipate support. On emerging-market vulnerability, the panelists noted that stress may spread more through economic channels, such as weaker investment flows and global slowdowns, although interconnected financial crises can affect all regions.

The session concluded that responsible AI adoption requires strong governance, human accountability and effective supervision. Continued regional cooperation and knowledge-sharing will be essential to harnessing AI's benefits while safeguarding financial stability.


BANK INDONESIA
BANK SENTRAL REPUBLIK INDONESIA
The SEACEN Centre
SEACEN Executive Committee
High Level Conference
Central Banking in the Age of Artificial Intelligence:
Payments, Regulation, and Financial Stability
for a Connected Asia
BALI, INDONESIA | 5 OCTOBER 2026


21


01


06

CLOSING REMARKS



Clarita Ligaya Iskandar
Executive Director and Head
Bank Indonesia Institute

In her closing remarks, Clarita Ligaya Iskandar, Executive Director and Head of the Bank Indonesia Institute, reflected on how artificial intelligence (AI) is reshaping central banking, financial regulation and payment systems across Asia. She emphasised that emerging challenges, including cyber threats, data concentration and systemic vulnerabilities, require stronger regional cooperation and coordinated policy responses to safeguard monetary and financial stability.

Iskandar highlighted three priorities for continued collaboration. First, central banks and financial authorities must strengthen their regulatory and supervisory capabilities to keep pace with technological developments. This includes building internal expertise, addressing capability gaps and adopting supervisory technology (SupTech) to identify anomalies and monitor emerging risks, while ensuring that regulatory requirements remain proportionate and manageable for smaller financial institutions and micro, small and medium-sized enterprises.

Second, she underscored the importance of deepening regional cooperation and interoperability in cross-border payments. AI-enabled solutions, cross-border QR linkages and instant payment platforms such as Project Nexus offer opportunities to improve efficiency and financial connectivity. However, closer integration also requires coordinated standards, shared fraud intelligence and collaborative analytics to mitigate the risks of fraud and operational disruptions spreading across

connected payment networks.

Third, Iskandar stressed that financial stability, resilience and trust must remain central to innovation. As AI becomes more deeply embedded in financial systems, authorities must address risks arising from market concentration, third-party dependencies, data concentration and increasingly sophisticated cyber threats. Strong risk management, clear human accountability, rigorous model validation and robust cybersecurity measures are essential to prevent algorithmic volatility and market manipulation from undermining financial stability.

She concluded that regional collaboration would be critical to balancing innovation with stability, strengthening resilience while deepening financial connectivity, and ensuring that technological progress supports a more efficient and inclusive financial system across Asia.








THE 25TH SEACEN
EXECUTIVE COMMITTEE MEETING


BANK INDONESIA
The SEACEN Centre
THE 25TH SEACEN
EXECUTIVE COMMITTEE MEETING


BANK INDONESIA
The SEACEN Centre
THE 25TH SEACEN
EXECUTIVE COMMITTEE MEETING


BANK INDONESIA
The SEACEN Centre
THE 25TH SEACEN
ECUTIVE COMMITTEE MEETING
THE 25TH SEACEN
EXCO MEETING
BALI, INDONESIA | 5-6 OCTOBER 2026


THE 25TH SEACEN
EXECUTIVE COMMITTEE MEETING
THE 25TH SEACEN
EXCO MEETING
BALI, INDONESIA | 5-6 OCTOBER 2026

The SEACEN Centre

Since its inception in the early 1980's, the South East Asian Central Banks Research and Training Centre (The SEACEN Centre) has established its unique regional position in serving its membership of central banks and monetary authorities in the Asia-Pacific region through its learning programmes in key central banking areas (including macroeconomics, monetary policy, financial stability, supervision, payments, leadership, governance, and human capital), research work, and networking and collaboration platforms for capacity building in central banking knowledge.