An Innovative Blockchain-Based Traceability Framework for Digital Financial Transactions in Cross-Border Payments

Maizaitulaidawati Md Husin
Azman Hashim International Business School, Universiti Teknologi Malaysia

Abstract:
Global economic growth, increased international travel, the expansion of e-commerce, import and export activities, and the digitalisation of business and banking have contributed to the increasing cross-border payments. Despite the importance of these activities, cross-border transactions are often slow, costly, and lack transparency due to various reasons, including the need for multiple intermediaries, the complexities of compliance checks, and fluctuations in currency conversions. These issues result in stakeholders lacking real-time visibility, which increases the likelihood of fraud/ money laundering. This paper aims to design and propose a blockchain-based traceability framework that is expected to reduce transaction time and costs, increase end-to-end visibility and auditability, automate compliance through smart contracts, and subsequently improve trust among participating financial institutions. Data were collected from focus group discussions (FGDs) with a sample of 20 professionals with expertise in finance, technology, and compliance. Data were analysed using NVivo software. In this paper, a blockchain-based traceability framework is proposed, and its technical components will be discussed. The potential applications of the framework within the ASEAN region, as well as the regulatory and operational challenges associated with its implementation, will also be addressed.

Keywords:
Finance, Technology, Digital, Blockchain, Payment.