Currency Swap Agreements as Instruments of Regional Financial Governance: Evidence from Southeast Asia

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Abstract

This study examines the role of currency swap agreements as instruments of regional financial governance in Southeast Asia, focusing on how these arrangements strengthen liquidity support, promote monetary cooperation, and reduce reliance on external financial institutions. By analysing bilateral and multilateral swap mechanisms, particularly within ASEAN+3 frameworks, the research highlights their contribution to enhancing regional resilience and economic stability in an increasingly volatile global financial environment. The urgency of this issue lies in the recurring external shocks and global uncertainties that expose the vulnerabilities of Southeast Asian economies, underscoring the need for robust regional mechanisms that ensure financial self-reliance. While the study provides valuable insights into the institutional design, governance frameworks, and policy implications of swap agreements, it does not assess their operational efficiency in detail or offer quantitative modelling of exchange rate stability. The key questions guiding this research include how currency swaps contribute to regional financial governance and what geopolitical and economic implications arise from expanding such agreements within Southeast Asia. Using a qualitative and comparative approach, the study draws on policy analysis, institutional reports, and scholarly literature to evaluate the evolution and impact of key swap initiatives. The findings suggest that currency swaps serve as pivotal instruments for enhancing Southeast Asia's financial resilience, but their success ultimately depends on strong governance, effective policy coordination, and sustained political commitment from member states. The study concludes by suggesting that future research should focus on quantifying the impact of swap agreements on currency volatility, exploring the integration of digital financial frameworks, and examining ASEAN's evolving role within broader global financial governance networks.

Keywords

Currency Swap, Financial Governance, Southeast Asia, Monetary Cooperation, Economic Resilience

Introduction

Recently, the importance of regional financial governance in Southeast Asia has grown. The region has experienced several economic shocks, including the 1997 Asian Financial Crisis and the recent COVID-19 pandemic. These events highlight the need for stronger regional financial frameworks to mitigate risks and enhance stability. According to Gutiérrez-Ponce and Wibowo (2024), Integrating regional financial systems enhances resilience and promotes sustainable economic growth in Southeast Asia, where interconnected economies require collaborative solutions for common challenges.

Currency swap agreements are a key mechanism for enhancing monetary cooperation in Southeast Asia, enabling countries to exchange currencies at pre-agreed rates for liquidity during financial distress. They serve as a buffer against external shocks and reduce dependence on institutions like the International Monetary Fund (IMF) (Okpevra & Eborka, 2025). The ASEAN+3 Swap Arrangement, involving China, Japan, and South Korea, illustrates how regional partnerships enhance financial stability.

Currency swap agreements not only provide liquidity support but also strengthen economic ties between nations. A study by Li and Li (2025) highlights how central bank swaps can strengthen foreign reserve management by creating a network of financial interdependence. Countries that participated in swap arrangements were better positioned to withstand external shocks compared to those reliant solely on traditional financing mechanisms (Leong *et al*., 2024). This resilience is crucial for Southeast Asia, where economic growth is often vulnerable to global market fluctuations (Bin-Armia, 2025).

Currency swap agreements boost financial stability by enabling countries to exchange currencies directly, reducing dependence on foreign currencies like the US dollar. This is crucial during periods of increasing volatility in global markets. According to Meibo and Qiang (2025), currency swaps can mitigate exchange rate risks and provide liquidity during times of financial distress, which is crucial for maintaining economic stability. During the 2008 financial crisis, ASEAN nations used currency swaps to boost their foreign exchange reserves, demonstrating effective crisis management.

The broader implications of these agreements extend to fostering regional resilience and economic independence. Khalid (2025) posits that the push towards de-dollarisation within ASEAN nations reflects a strategic shift towards greater regional currency integration. This moves boosts economic sovereignty and promotes intra-regional trade, reducing vulnerability to external pressures. The Chiang Mai Initiative Multilateralisation (CMIM) exemplifies how collective financial governance enhances regional stability.

The implications of currency swap agreements extend beyond immediate financial stability. They contribute to a paradigm shift in regional economic governance, fostering a sense of collective responsibility among member states. Lee and Katada (2025) highlight that such arrangements can counteract the dominance of major currencies, like the Chinese RMB, by promoting alternative currencies for trade and investment. Also, the strategic significance of currency swaps is underscored by their ability to facilitate economic cooperation among member states. Butt (2024) argues that such financial collaborations are essential for transitioning from a dependency on the dollar to a more autonomous regional economic structure. This autonomy is vital amid global uncertainties, enabling countries to navigate challenges without excessive reliance on external financial systems.

Currency swap agreements, particularly within the ASEAN+3 framework, serve as critical instruments for enhancing financial stability and fostering regional resilience. As countries strive for greater economic independence in an uncertain global environment (Imran, 2024, the agreements will continue to play a significant role in shaping the future of regional financial governance.

The primary objective of this study is to analyse the role of currency swap agreements in enhancing regional financial governance within Southeast Asia. These agreements are pivotal in fostering economic resilience, particularly in the context of past financial crises, as evidenced by Bhattacharjee *et al*. (2025), who discuss the interconnectedness of East Asian markets and the institutional responses that followed the financial turmoil.

The main questions driving this research focus on the role of currency swaps in regional financial governance and the geopolitical and economic effects of expanding these agreements in Southeast Asia. The ongoing evolution of these mechanisms reflects a broader trend towards collaborative economic strategies that prioritise stability, resilience, and mutual support among nations.

Literature review

Currency swap agreements are contracts between two parties to exchange principal and interest payments in different currencies for a set period. They enhance liquidity in financial markets, especially during economic distress, allowing central banks to provide foreign currency liquidity to domestic banks, stabilizing the financial system.

Jiao *et al*. (2024) highlight the significance of central bank swap lines in risk management for banks, particularly concerning currency choice in international trade. Their research illustrates how these agreements facilitate the smooth functioning of trade by enabling businesses to operate in their preferred currencies, thereby reducing transaction costs and exchange rate risks.

Karadeniz (2024) further elaborates on the mechanisms through which swap transactions impact financial markets. The study underscores that swap agreements not only provide immediate liquidity but also serve as a stabilising force during financial crises, thereby reinforcing the interconnectedness of global financial systems.

The theoretical foundations of currency swap agreements can be understood through the lens of international political economy, which examines the interplay between politics and economics on a global scale. Klooster and Murau (2025) argue that the internationalisation of currencies, particularly in the context of offshore money creation, has significant implications for monetary governance within the European Union. Their analysis suggests that currency swap agreements are instrumental in managing the complexities of currency internationalisation and the associated risks.

Liu *et al*. (2025) contribute to this discourse by exploring the impact of central bank swap lines on international currency competition. Their findings indicate that these agreements not only facilitate liquidity but also influence the relative strength of currencies in the global market. This dynamic underscore the strategic importance of currency swap agreements in shaping monetary policies and fostering cooperation among central banks.

The role of currency swap agreements in crisis management cannot be overstated. During financial crises, the availability of swap lines allows central banks to respond swiftly to liquidity shortages, thereby preventing systemic risks. Jiao *et al*. (2024) emphasise that such arrangements enhance the resilience of financial institutions by providing them with access to foreign currencies when needed most.

Moreover, these agreements foster monetary cooperation among countries, as highlighted by Liu *et al*. (2025). By establishing mutual trust and collaboration, central banks can coordinate their monetary policies more effectively, which is essential for maintaining global financial stability. This cooperative framework is particularly relevant in times of economic uncertainty, where unilateral actions by individual countries could exacerbate crises.

The ASEAN+3 framework, comprising the ten ASEAN member states plus China, Japan, and South Korea, has been pivotal in fostering regional financial stability. Kim (2025) highlights that ASEAN's role in the Regional Comprehensive Economic Partnership (RCEP) exemplifies its centrality in economic integration, which is crucial for enhancing financial cooperation. The CMI, established in 2000 and subsequently multilateralised, serves as a key mechanism for financial safety nets in the region. Hyun and Kim (2025) assess the readiness of the CMI to address future crises, suggesting that while the initiative has evolved, it requires further enhancements to effectively respond to financial shocks.

Kim (2025) asserts that ASEAN's integration efforts have been instrumental in promoting financial cooperation, with currency swap agreements acting as a stabilising force in the region. Currency swap agreements are vital instruments of regional financial governance, serving essential functions in liquidity provision, crisis management, and monetary cooperation. Dang and Dao (2025) investigate the relationship between financial inclusion and banking stability in ASEAN countries. Their findings suggest that enhancing financial inclusion can lead to greater banking stability, which is crucial for the effectiveness of regional financial governance mechanisms. Imran *et al*. (2024) explore the implications of ecological factors on financial stability, indicating that environmental considerations are increasingly relevant in assessing the overall health of financial systems in South Asia. This perspective adds a layer of complexity to regional financial governance, suggesting that sustainability must be integrated into financial frameworks.

In comparison, the EU employs a more structured approach to financial stability through mechanisms like the European Stability Mechanism (ESM) and the Banking Union. The ESM provides financial assistance to member states in distress, complemented by stringent fiscal oversight. This contrasts with the relatively flexible and informal nature of currency swap agreements in Asia, where bilateral arrangements often dominate.

Latin America, on the other hand, has witnessed a surge in regional financial cooperation through initiatives like the Latin American Reserve Fund (FLAR). Similar to the CMI, FLAR provides liquidity support to member countries. However, it has been less effective in fostering deeper financial integration compared to the EU's frameworks. The literature suggests that while both Asia and Latin America have made strides in regional financial governance, the EU's comprehensive regulatory frameworks provide a more robust safety net.

Dzreke *et al*. (2023), which critiques Ghana's resource swap experiment, and Khaskheli & Zhao (2025), which explores legal cooperation in the context of the Hainan Free Trade Port. The review period encompasses relevant studies from 2020 to 2025, employing keywords such as "currency swap agreements," "regional governance," and "Southeast Asia." Findings reveal significant hurdles in achieving effective coordination due to differing economic structures, regulatory environments, and political priorities among the nations involved. This analysis underscores the need for enhanced collaborative frameworks to mitigate these challenges and promote regional financial stability.

Methods

This research employs a qualitative methodology to investigate how currency swaps contribute to collective sustainable economic growth within ASEAN. These currency swap agreements serve to stabilise economies during times of volatility, promote sustainability, and enhance financial resilience in the region. The study integrates a literature review with a policy analysis of governmental strategies governing the currency swap mechanisms among ASEAN central banks, thereby establishing a comprehensive framework to examine the challenges and opportunities that arise from the region's initiatives to facilitate effective financial transactions.

A thorough literature review and exploratory studies were carried out to assess the implementation of regulations and international agreements. These methods analyze the effectiveness of currency swaps among governments in the region.

The analysis sheds light on the policy frameworks and the examination of swaps mechanisms. As a result, intra-government transactions are vital for fostering the adoption of sustainable economic solutions, greatly influencing the shift towards a more cohesive payment system in ASEAN. This research offers actionable recommendations for enhancing ASEAN's fiscal policies, with the goal of promoting alternative cross-border transactions and bolstering economic development and resilience.

Result and Discussion

Institutional Readiness and Governance

The ASEAN+3 framework, comprising the ten ASEAN member states along with China, Japan, and South Korea, represents a significant regional governance mechanism aimed at fostering economic cooperation and political stability in East Asia. The governance structures within this framework are pivotal for addressing shared challenges, such as economic crises and security threats. According to Sundram (2025), the network governance model employed by ASEAN facilitates collaborative decision-making processes that enhance regional integration. This model is particularly relevant in the context of the ASEAN Economic Community (AEC), which aims to create a single market and production base, thereby increasing the region's competitiveness on the global stage.

The governance frameworks of ASEAN+3 are characterised by a series of summits, ministerial meetings, and working groups that address various sectors, including finance, trade, and culture. These mechanisms are designed to promote dialogue and cooperation, yet they face challenges in terms of institutional readiness. For instance, Müller (2018) highlights that the ASEAN Secretariat plays a critical role in coordinating these efforts, but its capacity is often limited by insufficient resources and bureaucratic constraints. This situation underscores the need for a more robust governance framework that can effectively manage the complexities of regional integration.

Moreover, the effectiveness of ASEAN+3 mechanisms is further complicated by the diverse political and economic systems of its member states. The varying levels of development and governance capacity among these nations can lead to discrepancies in policy implementation and adherence to agreements. Mueller (2021) notes that these disparities can hinder the centrality of ASEAN in regional governance, as member states may prioritise national interests over collective goals. This dynamic is particularly evident in the context of economic connectivity initiatives, where the alignment of national policies is crucial for achieving regional objectives.

One notable example of the challenges faced by ASEAN+3 is the response to the COVID-19 pandemic, which tested the resilience of regional governance structures. The pandemic highlighted the need for coordinated health responses and the sharing of resources among member states. However, the lack of a unified health governance framework within ASEAN+3 revealed significant gaps in institutional readiness. As Fau (2016) argues, effective governance in times of crisis requires not only clear communication channels but also the capability to mobilise resources swiftly across borders.

The coordination capacity among ASEAN+3 member states is a critical factor in the success of regional governance. Effective coordination is necessary for harmonising policies and regulations, which is essential for achieving the goals of regional integration. However, the existing disparities in institutional capacity and political will among member states pose significant challenges. For instance, while countries like Singapore and Malaysia have relatively advanced governance structures, others may struggle with bureaucratic inefficiencies and lack of expertise (Sundram, 2025). This uneven capacity can lead to inconsistencies in policy implementation, thereby undermining the overall effectiveness of ASEAN+3 initiatives.

One of the primary challenges in harmonisation is the varying levels of commitment to regional agreements. Member states often prioritise national interests over collective goals, which can result in selective compliance with agreed-upon frameworks (Bin-Armia, 2019). Müller (2018) points out that this phenomenon is exacerbated by the absence of binding legal frameworks within ASEAN+3, which limits the ability to enforce compliance. Consequently, member states may adopt a more cautious approach to harmonisation, leading to a fragmented regional landscape that hampers the effectiveness of collective efforts.

Furthermore, cultural and linguistic differences among member states can complicate coordination efforts. The diversity within ASEAN+3, while a source of strength, also presents challenges in terms of communication and mutual understanding. As highlighted by Mueller (2021), the lack of a shared language and cultural context can impede dialogue and negotiation processes, making it difficult to reach consensus on key issues. This challenge is particularly evident in sectors such as trade and investment, where regulatory harmonisation is crucial for facilitating cross-border transactions.

The impact of these coordination challenges is evident in the slow progress of initiatives aimed at enhancing regional connectivity. For example, the ASEAN Connectivity Master Plan 2025 aims to improve infrastructure and digital connectivity across the region. However, the successful implementation of this plan requires a high level of coordination and harmonisation among member states, which is currently hindered by the aforementioned challenges (Fau, 2016). The disparity in infrastructure development and regulatory frameworks among member states can lead to delays and inefficiencies in project execution.

Cultural and societal attitudes towards sustainability can influence how regulations are perceived and adopted. In regions where there is strong public support for environmental initiatives, regulations tend to be more effective in driving consumer adoption. Conversely, in areas where scepticism about climate change prevails, regulatory measures may face significant resistance. Therefore, understanding the socio-cultural context is essential for policymakers to design regulations that resonate with the public and encourage widespread acceptance of sustainable mobility solutions.

Economic and Geopolitical Implications

Currency swap agreements (CSAs) have emerged as significant tools for countries seeking to diminish their reliance on global financial institutions, such as the International Monetary Fund (IMF) and the World Bank. By engaging in bilateral or multilateral swap arrangements, nations can secure liquidity in foreign currencies without resorting to traditional lending mechanisms that often come with stringent conditions. For instance, during the COVID-19 pandemic, several countries in Southeast Asia entered into CSAs to bolster their foreign reserves and provide stability to their economies (Li & Li, 2025). This shift not only alleviates immediate financial pressures but also empowers nations to maintain greater control over their monetary policies.

The effectiveness of CSAs in mitigating dependence on global institutions is particularly evident in the context of emerging markets. According to Yousuf *et al*. (2025), countries that leverage CSAs can better manage local economic shocks without the need for external intervention. This is crucial in regions where economic vulnerabilities are heightened by external factors such as commodity price fluctuations and geopolitical tensions. For example, Indonesia and China have established a currency swap agreement that allows Indonesia to access Chinese yuan, thereby reducing its exposure to dollar-denominated debts and enhancing its financial sovereignty.

Moreover, CSAs can enhance regional financial stability by fostering closer economic ties among participating countries. As highlighted by Budiana (2024), regional organisations like ASEAN have promoted the use of CSAs to strengthen intra-regional trade and investment. This collaborative approach not only supports economic resilience but also diminishes the influence of Western-dominated financial systems. The establishment of the ASEAN+3 Swap Arrangement (AMRO) is a case in point, where member countries can access pooled resources during times of financial distress, thus reinforcing regional governance in financial matters.

In addition to providing immediate liquidity, CSAs can also serve as a strategic tool for countries to assert their economic autonomy. By diversifying their foreign reserve portfolios through local currency swaps, nations can mitigate the risks associated with currency fluctuations and reduce their dependence on the US dollar. Liu (2025) argues that this financial autonomy is essential for countries like Singapore and Hong Kong, which navigate complex geopolitical landscapes. The ability to conduct trade and investment in local currencies not only enhances economic stability but also strengthens the geopolitical standing of these nations in the global arena.

The geopolitical landscape of Southeast Asia is undergoing a transformation, with financial autonomy emerging as a critical component of regional governance. As countries in this region assert their financial independence through instruments like currency swap agreements, they are not only enhancing their economic resilience but also redefining their geopolitical relationships. The significance of this shift is underscored by the increasing desire of Southeast Asian nations to establish a more balanced power dynamic in the face of external pressures, particularly from major powers such as the United States and China.

Southeast Asia's pursuit of financial autonomy is exemplified by the growing use of CSAs among ASEAN member states. By engaging in bilateral currency swaps, countries can facilitate trade and investment without the need for a dominant global currency, thus reducing their vulnerability to external economic shocks. For instance, the currency swap agreement between Malaysia and China has enabled both nations to conduct trade in their local currencies, thereby minimising the risks associated with currency fluctuations and fostering stronger economic ties (Lee & Lee, 2022). This trend reflects a broader regional strategy to enhance economic cooperation and diminish reliance on Western financial systems.

The geopolitical implications of this financial autonomy extend beyond mere economic considerations. As Southeast Asian countries strengthen their financial independence, they are also asserting their sovereignty in the face of geopolitical challenges. Liu (2025) notes that countries like Singapore and Indonesia are increasingly positioning themselves as regional financial hubs, capable of influencing economic policies and decisions in the Asia-Pacific region. This shift not only enhances their standing in global affairs but also allows them to play a more prominent role in shaping the regional economic landscape.

Furthermore, the rise of financial autonomy in Southeast Asia is linked to the broader trend of regionalism, where countries seek to collaborate more closely in addressing shared challenges. The ASEAN Economic Community (AEC) aims to create a single market and production base, and the utilisation of CSAs is a vital component of this vision. By fostering greater economic integration, Southeast Asian nations can enhance their collective bargaining power on the global stage and reduce their dependence on external actors (Budiana, 2024). This collaborative approach not only strengthens regional governance but also promotes stability in a region characterised by diverse economic and political contexts.

Regional Resilience and Stability

Financial instruments such as swaps play a pivotal role in enhancing regional resilience and stability, particularly in the context of crisis prevention. Swaps, particularly interest rate and currency swaps, allow entities to manage their exposure to fluctuations in interest rates and foreign exchange rates, thereby mitigating financial risks. According to Fulga (2024), these derivatives provide firms and governments with the ability to exchange cash flows, which can help stabilise their financial positions during economic downturns. For instance, during the 2008 financial crisis, many institutions that had engaged in interest rate swaps were able to buffer their operations against sudden market shocks, demonstrating the utility of these instruments in crisis scenarios.

Moreover, swaps can enhance financial resilience by facilitating access to liquidity. In times of economic uncertainty, having the ability to convert fixed-rate liabilities to floating rates, or vice versa, provides organisations with the flexibility to adapt to changing market conditions. Zeng (2025) highlights that the use of foreign exchange (FX) derivatives, including swaps, can significantly reduce the risk of currency mismatches in financial statements, which is particularly crucial for multinational corporations operating across various jurisdictions. By aligning their currency exposures, firms can better manage their cash flows and ensure operational continuity, contributing to overall regional economic stability.

The strategic use of swaps extends beyond individual firms; it can also bolster the financial health of entire economies. For example, countries that engage in currency swaps with their trading partners can enhance bilateral trade and investment flows. Such arrangements can serve as a buffer during economic crises, as seen in the case of the People's Republic of China and several ASEAN nations, where currency swaps have been employed to stabilise exchange rates and encourage trade during periods of volatility. This cooperative financial strategy not only fosters economic resilience but also strengthens geopolitical ties, underscoring the interconnectedness of financial instruments and regional stability.

However, the effectiveness of swaps in crisis prevention is contingent upon the operational frameworks within which they are deployed. As Qiu *et al*. (2022) note, the impact of credit default swaps on firms' operational efficiency is significant, yet it is also influenced by the transparency and regulatory environment surrounding these financial instruments. In regions where regulatory oversight is lacking, the benefits of swaps may be undermined by the risks of misuse or mismanagement, potentially leading to financial instability rather than resilience. Thus, while swaps can be a powerful tool for crisis prevention, their success is inextricably linked to the robustness of the regulatory frameworks governing their use.

Despite the advantages that swaps offer, there are notable limitations in their operational efficiency, primarily stemming from the complexities involved in their execution and the necessity for strong political commitment. One of the primary challenges is the requirement for a robust legal and regulatory framework to govern the use of swaps. Without such frameworks, the potential for operational inefficiencies increases, as firms may struggle to navigate the complexities associated with derivative transactions. Fulga (2024) points out that the lack of standardisation in derivative contracts can lead to discrepancies in valuation and settlement processes, thereby undermining the operational efficiency of firms that rely on these instruments.

Additionally, the dependence on strong political commitment cannot be overstated. The successful implementation of swaps and other financial derivatives often requires coordinated efforts among various stakeholders, including government entities, regulatory bodies, and financial institutions. Zeng (2025) argues that without a unified approach and strong political will, the benefits of swaps can be severely compromised. For example, in regions where political instability prevails, the lack of commitment to uphold regulatory standards can lead to an environment ripe for financial malpractice, ultimately eroding the potential benefits of these financial instruments.

Furthermore, the reliance on swaps may inadvertently create a false sense of security among firms and governments. As Qiu *et al*. (2022) note, while swaps can enhance operational efficiency in theory, they can also lead to complacency in risk management practices. Firms may become overly reliant on these instruments, neglecting the broader aspects of financial health and stability. This over-reliance can be detrimental, particularly during periods of economic stress, where the limitations of swaps become apparent, as they may not provide adequate protection against systemic risks.

Moreover, the complexities involved in the valuation and monitoring of swaps can further hinder operational efficiency. Firms must invest significant resources in risk management systems and expertise to effectively utilise these derivatives. Without this investment, the operational costs associated with managing swaps can outweigh the benefits, leading to inefficiencies. This is particularly pronounced in developing regions, where financial expertise may be limited, and the costs of implementing sophisticated risk management systems may be prohibitive.

Conclusion

This study has underscored the pivotal role of currency swap agreements in shaping the landscape of regional financial governance in Southeast Asia. As the analysis has shown, these agreements function as vital instruments for strengthening financial resilience and stability across the region. By providing liquidity support, reducing reliance on external financial institutions, and fostering deeper monetary cooperation, currency swaps have emerged as mechanisms that not only address immediate economic vulnerabilities but also contribute to long-term structural resilience. However, their effectiveness is not automatic; it hinges on the quality of governance, the consistency of policy coordination, and the sustained political will of participating nations to uphold and expand such frameworks.

The findings of this research reveal that the true potential of currency swaps lies in their ability to create a regional safety net that enhances self-reliance in an increasingly volatile global economy. Initiatives such as the ASEAN+3 framework illustrate how collaborative financial mechanisms can reduce dependency on dominant external currencies and institutions. Yet, the continued relevance and efficiency of these arrangements depend on strengthening institutional readiness and ensuring that governance structures evolve alongside growing regional economic integration. The experience of Southeast Asia demonstrates that effective swaps are less about the technicalities of financial engineering and more about political alignment, trust, and collective commitment to shared goals.

From a policy perspective, the implications are clear. Policymakers must work towards deeper alignment of national policies with regional governance objectives in order to maximise the benefits of swap agreements. Strengthening institutional governance frameworks will be essential to ensure that swap lines are not merely symbolic but function effectively during crises. Equally important is the need for proactive diplomacy—both within the region and with external partners—to expand and institutionalise these mechanisms. By embedding swap agreements more firmly into regional governance structures, Southeast Asia can move closer to achieving greater economic sovereignty and resilience in the face of global shocks.

Looking forward, this study highlights several important avenues for future research. First, there is an urgent need to quantify the impacts of currency swaps on exchange rate volatility, financial stability, and broader economic performance. Empirical evidence in these areas will provide a stronger foundation for policymakers to refine swap agreements and assess their true economic value. Second, with the rapid rise of digital financial technologies, future frameworks for swap arrangements may increasingly need to integrate digital platforms and currencies, offering new opportunities but also presenting regulatory challenges (Bin-Armia, 2024). Third, ASEAN's evolving role in global financial governance deserves closer scrutiny, particularly as the region seeks to assert itself more prominently in international financial negotiations and governance networks.

In sum, currency swaps are not just technical financial tools but strategic instruments of governance, cooperation, and resilience. Their continued evolution and institutionalisation will play a decisive role in shaping the financial future of Southeast Asia, offering both protection against crises and pathways towards deeper regional integration.

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