

Experts: Expansion of payments services a boost for fintech

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Singapore will become more competitive as a fintech hub once non-bank financial institutions (NFIs) are allowed to connect directly to major funds transfer services Fast (Fast And Secure Transfers) and PayNow, experts said.

The move brings Singapore a step closer to a convergence of banks and non-bank players in offering a unified banking system, said Associate Professor Lawrence Loh of the National University of Singapore Business School.

It is also consistent with recent measures to develop Singapore's digital banking scene, added Prof Loh. "You can see pieces of the puzzle joining together to liberalise the banking industry."

The Monetary Authority of Singapore is expected to issue up to two digital full bank licences and three digital wholesale bank licences this month, allowing even non-bank players to conduct digital banking businesses.

Assistant Professor Aurobindo Ghosh of Singapore Management University's Lee Kong Chian School of Business said that opening up Fast and PayNow to NFIs will encourage them to be more innovative.

"This might also catalyse innovation among traditional players like banks to have wider and more innovative offerings as usual barriers to entry to protect their turf would be reduced," said Prof Ghosh.

NFIs cheered the move to open up the payment rails to them.

Mr Lim Kell Jay, head of Grab Financial Group Singapore, said:



The move to allow non-bank financial institutions to connect directly to major funds transfer services PayNow and Fast is consistent with recent measures to develop Singapore's digital banking scene, say observers. ST PHOTO: ALPHONSUS CHERN

"The integration of Fast and PayNow with GrabPay will greatly enhance the payments experience by giving consumers new ways to seamlessly and securely top up and transact via GrabPay."

Likewise, Razer Fintech chief executive Lee Li Meng said: "This concerted push is a testament to Singapore's vibrant and progressive payments ecosystem."

Despite the greater competi-

tion, banks said the move will benefit Singapore's digital payments environment.

Mr Desmond Tan, head of group lifestyle financing at OCBC, said that to achieve financial inclu-

sion, Singapore must avoid fragmentation by closed-loop app ecosystems.

"We prefer open, nationwide infrastructures that have universal acceptance across Singapore, and which multiple bank users can ride on together. This will spur Singapore's digital payments drive, and increase our customers' convenience and adoption of digital payment solutions."

DBS Singapore country head Shee Tse Koon said: "Making Fast - a secure, instant payment network - available to a broader range of payment providers, so both retail and corporate customers have more ways to adopt digital payments, is a positive development we are proud to support."

Likewise, United Overseas Bank (UOB) chief Wee Ee Cheong said the bank has championed open and interoperable systems as part of its commitment to improve digital payments.

He said: "Through our ongoing innovation drive at UOB and collaboration with like-minded industry players, we will continue to drive the adoption and usage of digital payments in areas that intersect with where our customers live, play and work."

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