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Headline: Seamless banking for Singaporeans on single platform

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Singaporeans with more than one bank account will soon be able to view all their funds and investments in one place online, instead of having to visit each bank or its website.

They can consent to share their consolidated personal financial data across seven banks - Citibank, POSB and DBS Bank, HSBC, Maybank, OCBC, Standard Chartered, and UOB -- and three government agencies: the Central Provident Fund Board, Housing Board, and Inland Revenue Authority of Singapore.

The Straits Times understands that the Singapore Financial Data Exchange (SGFinDex), an online platform which takes a leaf from "open banking" in Europe, is to be announced soon.

It comes with a recognition that Singapore consumers need an aggregated and seamless view of their overall assets and liabilities during their sunset years, which will help them make informed decisions on financial and retirement planning.

Singaporeans now have the world's longest life expectancy at 84.8 years.

Open banking is the practice of providing third-party financial service providers with access to consumer banking, transaction, and other financial data from banks and non-bank financial institutions.

This is done using application programming interfaces (APIs), or codes that enable computer applications to speak to one another. Third parties will be able to integrate their services with those of a bank to create a better consumer experience.

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Monetary Authority of Singapore managing director Ravi Menon had alluded to such a platform last year.

In an interview with The Business Times, he spoke of "deep-seated convictions" that customers will benefit from better service, and that banks will emerge stronger from the competition.

The latest move is the third pillar of Singapore's recent efforts to liberalise its financial sector on the digital front. The other two pillars are the issuing of digital bank licences, and giving fintechs access to the real-time payments system.

It also comes on the back of MAS' announcement on Monday (Nov 30) that consumers will be able to transfer funds via Fast or PayNow from mobile banking apps or Internet banking platforms to top up their mobile wallets, instead of having to key in credit or debit card details.

Users of SGFinDex will be redirected to the SingPass login page, after which they can select the financial institutions they would like to be connected to.

Information from CPF, Iras and HDB is automatically linked via MyInfo when users login using SingPass.

Data that can be retrieved include current and savings account balances, unit trust holdings, CPF Investment Scheme and Supplementary Retirement Scheme (SRS) accounts and holdings, and loan outstanding balances, among others.

After successfully linking all their accounts, users are asked for consent to their data one more time.

The information is secured with SingPass MyInfo. Every time someone wishes to add or refresh the information in SGFinDex, he or she will be redirected to login via SingPass.

SGFinDex can already be accessed from DBS' NAV Planner.

The bank's website states that as a security measure, the platform does not store or have access to users' financial data. Also, users are not allowed to perform any transactions through the platform.

According to the bank, over one million users have used it to do budgeting and monitor their investment performance, as well as obtain personalised financial insights and recommendations.

In a statement announcing the introduction of a retirement planning tool in the NAV Planner in August, DBS head of consumer banking Jeremy Soo said such tools provide Singaporeans "with greater clarity around their financial future based on the assets they have, including those held under government schemes such as CPF and the SRS".

Benefits and challenges

A 2018 global survey by Accenture showed that consumers between 55 and 64 years old are the least likely to try aggregator services.

But 85 per cent of 18-to-24-year-olds would trust a third party to aggregate their bank data.

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"More than 50 per cent of those surveyed holding accounts with four banks would try an aggregation service, but there will need to be obvious value added to make it sticky," said the survey.

Associate Professor Lawrence Loh from the National University of Singapore Business School said the take-up rate for SGFinDex, especially at the onset, depends on how consumers weigh the benefits versus time spent in enabling access.

"The incentive will be stronger if transactions can also be performed beyond the availability of information," he said, adding that SGFinDex is a critical innovation milestone in advancing fintech, and will in turn contribute to positioning Singapore as a leading financial hub.

Assistant Professor of Finance Aurobindo Ghosh at Singapore Management University's Lee Kong Chian School of Business said the platform will make financial planning involving savings, borrowing, investment and retirement easier.

But he cautioned that there may be some kinks at the outset, because of legacy systems in different banks.

"The main hurdle is to have some uniformity or standardisation of financial services and protocols that are universally adopted, including access to data APIs across different institutions," he said, adding that different financial institutions may have adopted different systems due to safety and privacy concerns.

Data security would also have to be held at a very high standard, for these platforms to be more widely adopted and to carry innovative products such as debt consolidation, he added. "These incremental steps would continue the inexorable march towards a cashless society in the near future."