

# MAS chief maps out vision of an e-payment society

System in the works to enable fund transfers with just recipient's mobile or NRIC number

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By this time next year, it is likely that when you want to transfer money to a friend or your child's tutor, you will no longer need their bank account number – just their mobile or NRIC number will do.

The Monetary Authority of Singapore (MAS) managing director, Mr Ravi Menon, outlined this goal yesterday in mapping out a vision for Singapore to become an "electronic payments society".

Making such fund transfers easier is just one aspect of a multi-pronged strategy towards this aim, he noted.

After all, electronic or e-payments include transactions made via online and mobile banking transfers, mobile wallets, credit and debit cards and smartphone apps.

For its part, MAS will streamline its regulatory framework for payments, by creating a single piece of legislation governing both traditional and innovative payment companies, where previously there were two, Mr Menon said.

The regulator is also considering setting up a payments council to lead the continued development of a common payments infrastructure that is accessible to all.

Consultancy KPMG – engaged by MAS to study Singapore's e-payment landscape – found that although the Republic has a world-class e-payment infrastructure, businesses and consumers still rely heavily on paper cash and cheques.

Some 60 per cent of all transactions made by consumers last year were cash-based, KPMG said in a report published yesterday.

In 2014, Singaporeans wrote an average of 12.7 cheques each, while in Sweden, it was effectively zero.

Speaking at a financial technology conference organised by the Sim Kee Boon Institute for Financial Economics at the Singapore Management University yesterday, Mr Menon noted that in 2014, Singapore became one of the first countries where people could perform instant inter-bank fund transfers around the clock, with the roll-out of the Fast (Fast and Secure Transfers) system.

However, Fast is "grossly under-utilised", he said.

"One key barrier is that making a payment through Fast requires you to know the bank account number of the person you are sending money to," he noted.

But the Association of Banks in Singapore (ABS) has been working on a system to do away with this.

"If all goes well, by this time next year, we will no longer need to remember bank account numbers for a majority of our electronic fund transfers," he said.

Businesses are vital to building an e-payments society too, but there are challenges, he said.

"Small and medium-sized enterprises have told us that some banks can charge up to \$10 for fund transfers using Fast. But they offer free cheque payments every month. This is surprising."

MAS' studies show the marginal cost of e-payments, including Fast fund transfers, should be far lower than that of cheques, he noted.

"Banks should not be reluctant to accurately reflect the true marginal cost of their various payment instruments," he said.

Banks are taking measures to improve the e-payment infrastructure here, he noted.

The ABS has tapped the payments industry to develop a unified point-of-sale terminal which can accept all major card brands, including those that are contactless or embedded in smartphones.

This would solve a common problem faced by consumers here – not all cards can be used everywhere, and they often have to ask merchants if their card of choice is accepted.

Some 3,000 such unified terminals have already been deployed at convenience stores and other retailers, with at least 10,000 more to come in the next two years.

Banks, including DBS, OCBC, Standard Chartered and Citibank, told

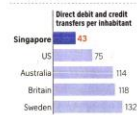
The Straits Times that they are committed to driving e-payments here. United Overseas Bank's Singapore head of personal financial services, Mr Dennis Khoo, said that industry players are indeed working on nudging consumers to embrace e-payments, but added that it can

be tricky as habits are entrenched, especially among the elderly.

He said: "Some people still send in cheques to pay their credit card bills. There is no penalty or additional fee for doing that, so there is room for us to levy a charge? But it is a sensitive topic, so we must strike a balance and cater to the needs of those who are not as tech-savvy."

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## How cash-based Singapore is



NOTE: 12.7 cheques per person were written in Singapore in 2014, compared with 75 in Australia, and effectively zero in Sweden.

Cash made up 60 per cent of \$2.2 billion worth of consumer transactions in 2015.

Some banks charge up to \$10 for fund transfers using Fast, but offer free cheque payments every month.

Source: KPMG, MAS, STRAITS TIMES GRAPHICS