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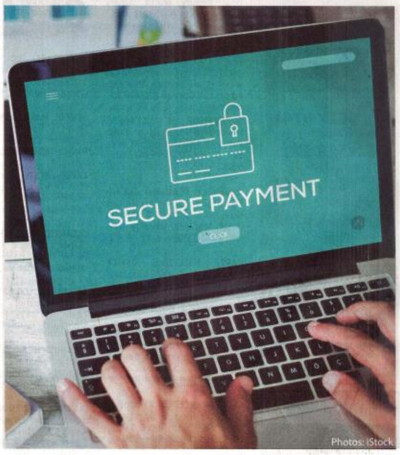

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FRANCIS KAN

Singapore has made significant strides in promoting digital payments here, but there are challenges to overcome before it realises its vision of becoming a predominantly cashless society, industry experts say.

Singapore needs to ride the e-payments wave and catch up with countries like China. Since last year, a number of initiatives have been rolled out to help reach that goal; from the introduction of new payment apps to moves to encourage adoption.

One key piece of the puzzle fell into place this month with the launch of the Singapore Quick Response Code (SGQR).

To be rolled out progressively over the next six months, the SGQR will be adopted by 27 payment schemes, including PayNow, NETS, GrabPay, Liquid Pay and Singtel Dash.

Over 19,000 QR codes will be replaced with SGQR codes from this month.

At the same time, the government said it would open the interbank payment gates to fintech firms by 2019.

Allowing non-bank players to get direct access to the national Fast and Secure Transfers transaction system is expected to lead to greater innovation and better cashless payments services for consumers.

The Government has leveraged its Asean chairmanship to make growing the digital economy a priority, promoting interoperability between different payments systems, encouraging consumers to adopt digital payment methods in their daily lives, as well as driving incentives for merchants to integrate digital payments system in their businesses.

But Singapore has some way to go before it catches up with global leaders in the e-payments space, such as China.

In 2016, mobile payments totalled US$5.5 trillion, according to iResearch Consulting Group.

In comparison, the US mobile payments market was worth only about US$112 billion, according to Forrester Research.

"How Singapore ultimately stacks up against other leading markets for e-payments will depend on the use cases for e-payments, which drives it as the preferred means over traditional methods such as cash and cheques," said Mr Ong Pang Thye, Managing Partner, KPMG Singapore.

According to the Singapore Payments Roadmap prepared by KPMG, Singapore's vision for e-payments is met with several challenges, including limited governance and ownership of the infrastructure.

But the strengths of the current regulatory framework has helped establish an ecosystem that is safe, sound, and secure.

Getting more SMEs onto the e-payments bandwagon could be the "last mile" before Singapore can become truly cashless, argued Themin Suwardy, Dean, Post-Graduate Professional Programmes, Singapore Management University.

"Singapore already has a plethora of electronic cards and digital wallets cards in the hands of the public, but these are not being used at the right places to displace cash. Cashless payment will not take off fully in Singapore if SMEs do not come onboard," said Professor Suwardy.

While SMEs know that accepting digital payments would bring about a host of benefits to their businesses, many are likely holding back because of cost concerns coupled with a rapidly evolving payment ecosystem, he added.

Proram Mehta, Head of Information Security, Asia Pacific, PayPal, believed that education is key to bridging this gap and driving adoption.

He said: "It is crucial that consumers and merchants understand the value of digital payment systems, and the benefits they bring. This will help address challenges faced by merchants who are less inclined to adopt digital payments due to the costs of going cashless or delayed payment settlements."

He noted that consumers and businesses must be the focal point of the innovation processes to drive the adoption of digital payments.

This is an excerpt of an article that appeared in The Business Times on Sept 20, 2018.