



61m

Number of cheques denominated in Singapore dollars in 2016

<14m

Number of such cheques in 2023

SAFER OPTION

It's more comfortable to place a cheque than a cashier's order... as your cash balance in your bank account doesn't go down, unless something bad happens.



MR KENNETH LEE, on dealing with his condo management.

The Association of Banks in Singapore (ABS) said that cheques issued by individuals have declined. ABS said a small number of people, including older ones, still rely on them. PHOTO: ISTOCKPHOTO

Cheque volumes fall 80% as S'pore adopts digital payments

They are still used for high-value transactions like property or car down payments, insurance payments

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Writing cheques has become a thing of the past for most people in Singapore as the country increasingly adopts digital payment methods such as PayNow and mobile wallets.

The number of cheques denominated in Singapore dollars declined about 80 per cent, from 61 million in 2016 to fewer than 14 million in 2023, noted the Monetary Authority of Singapore (MAS) in December.

Retail cheques – those issued by individuals – have also declined, said the Association of Banks in Singapore (ABS), without specifying

numbers.

But it might be too early to write off cheques altogether, as Mr Kenneth Lee and Ms Belle Toh recently found.

Ms Toh, who is in her 50s, said her condo management wanted a cheque for a security deposit in case she damages common property when she moves out in December.

If no damage occurs, the cheque will be returned to Ms Toh, who normally uses digital payments.

"This is more convenient because a PayNow or bank transfer refund will take processing time," said Ms Toh.

A refund can take anywhere from two weeks to six weeks to complete, depending on each con-

do management's procedures.

National University of Singapore professor of finance, real estate and economics Sumit Agarwal said using cheques means money is not transferred instantly, which provides a layer of security.

"When they say, 'Give me a cheque when you are moving out. I need to make sure that everything is good', all they are saying is, I need something that delays the process where you don't walk away instantaneously," Prof Agarwal said.

Similarly, Mr Lee, 37, had to lodge a cheque with the condo's management office when he was moving into his unit.

He did not have a chequebook, so he applied for a cashier's order. Unlike a regular cheque, the bank immediately deducts the funds from an account and keeps them safe until the order is fulfilled.

"It's more comfortable to place a

cheque than a cashier's order with them, as your cash balance in your bank account doesn't go down, unless something bad happens," said Mr Lee, who works in shipping operations. "You can just take back the cheque and void it. It feels more of a painless solution."

He also had to lodge a blank cheque made out to the developer when he entered a ballot for a condo unit. When he was picked in the ballot, he used the cheque to pay the fee to secure the option to purchase.

Insead associate professor of finance Ben Charoenwong told The Straits Times: "Specific-use cases for cheques persist in Singapore, particularly for high-value transactions like property or car down payments, and insurance payments."

Assistant professor of finance Aurobindo Ghosh from SMU's Lee Kong Chian School of Business, added: "Cheques can be used for down payments for houses, security deposit with letters of intent for tenancy agreement, et cetera."

"We do observe certain bigger-ticket items, where the transaction needs documentary proof, may be settled with cheques as it keeps a record of the transaction (unlike cash) and does not have an upper limit of the amount paid (unlike possibly for some digital payments)."

As cheques are valid for six months from the date of issue, deferred payments can be made with post-dated cheques, which makes them similar to an informal futures contract, Prof Ghosh noted.

ABS said a small number of people, including older ones, still rely on cheques.

Prof Agarwal noted: "The older generation is in the habit of writing cheques; they feel comfortable."

Prof Charoenwong added that older folk who have used cheques for decades may be more reluctant to give them up as they may see them as a "more legitimate way to pay than through online transfers".

There needs to be more engagement "with older and less financially literate pockets of the populace that may be less likely to adopt digital transfers", he said.

Cheque volumes are expected to continue dropping as more users move towards digital payment methods, which are more efficient and cost-effective, ABS said.

MAS said on Dec 5 it will launch two electronic deferred payment solutions in mid-2025 to support the transition to e-payments for corporate and retail cheque users. The methods will allow deferred payments or post-dated transactions – a key feature of cheques.

However, Prof Agarwal said moving away from cheques should be a natural process, as the older generation passes on and younger people adopt digital payments.

"We have no idea what will happen tomorrow, and maybe we will need cheques back because of technological shocks or shocks to the electronic payment methods. So I think forcing them out seems like a bad idea. There should be natural attrition," he said.

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