

Singapore Payments Market - Growth, Trends, Covid -19 Impact, and Forecasts (2023 - 2028)

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Report description:

The Singapore Payments Market is expected to grow at a CAGR of 7.5% over the forecast period 2022 to 2027. The ongoing growth of real-time payments and the government's efforts to encourage digitalization are expected to drive market growth. With the government now allowing non-bank financial institutions (NFIs) to access banking retail payment infrastructure, instant payments in Singapore are set to increase even more. NFIs that have been granted a major payment institution license under the Payment Services Act are now permitted to link directly to FAST and PayNow.

Key Highlights

One of the primary goals of the Singapore government's Smart Nation vision is to build an e-payments society, which is one of the key goals. The payments sector in Singapore is now modern and open to new players. This industry is available to non-bank financial institutions (NFIs), promoting competition and interoperability among e-wallets. For instance, Grab, a ride-hailing firm, introduced GrabPay, and Singtel, a telecommunications company, introduced DashPay.

Mobile phones (notably smartphones) have become an integral aspect of an individual's life as the global economy has grown rapidly. Furthermore, for most individuals worldwide, the internet has become an indispensable element of their daily lives. As a result, the number of cellphones and internet users has surged worldwide, resulting in a major expansion in the payments sector. According to the Rakuten Insight survey, nearly 90% of respondents said they had used e-payment methods to complete a transaction. DBS PayLah!, PayPal, and GrabPay are the top three e-payment services in Singapore right now.

Moreover, In Singapore, the number of e-wallet users has reached about 4 million, compared to a population of roughly 5.7 million, indicating a 70% adoption rate of e-wallet users, as stated by The Asian Banker. GrabPay, one of Singapore's most popular e-payment platforms, has surpassed 3 million customers on its digital financial services, with 3.5 million predicted by 2023.

The Covid-19 outbreak has resulted in a substantial shift in payment practice, including reducing cash payments, moving from in-store to online payment options, and adopting rapid settlements. These changes have opened up new possibilities for payment

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providers in Singapore.

Moreover, From a consumer perspective, it is projected to enhance digital payment acceptance in Singapore. COVID-19 was one of the main factors that accelerated this. Aside from digital adoption, customers' enthusiasm for being cashless is bolstered by the enhanced convenience and advantages.

Singapore Payments Market Trends

The payments market in Singapore is driven by boom in the e-commerce industry

J&T Singapore has been assisting e-commerce merchants in taking advantage of the booming digital economy since 2020. Shopee, Lazada, Amazon, Shopify, Shopcoda, and WooCommerce are just a few of the major marketplaces and e-commerce platforms with which they have linked. It established shipping corridors all across the planet. In Changi and Penjuru, they established warehouses and fulfillment centers. They also started an internal service quality project in October 2021 to ensure that we'll give outstanding service to all its clients.

The increase in internet penetration is one main factor driving the e-commerce market. In January 2021, Singapore had 5.29 million internet users, as stated by CNBC. Between 2020 and 2021, the number of internet users in Singapore increased by 146 thousand (+2.8%). In January 2021, Singapore had a 90.0% internet penetration rate.

Furthermore, the country is focusing on various collaborations with international players to develop 6G. For instance, in July 2021, The University of Oulu's 6G Flagship, the world's first and foremost 6G research, development, and innovation initiative, and Singapore agreed to collaborate on 6G technology. The alliance will concentrate on 6G technology research and development. 6G will enable greater speed, lower latency, and greater capacity for data networks.

Because of the COVID-19 epidemic, many consumers continued to work from home and preferred to shop online rather than in stores. This paved the way for significant growth in e-commerce sales and businesses worldwide.

Singapore's payments business is seeing a surge of innovative digital payment alternatives. It has emerged as the newest number one trend for online payments in Singapore, owing to the increasing use of smartphones and the advent of digital wallet payment options such as PayPal and Buy Now Pay Later services.

Retail industry shows the significant growth in Payments Market of Singapore

The retail industry is one of the fastest-growing industries in Singapore. As a result, the retail sector represents a wealth of opportunities for new business, trading, and investing. The payment market in Singapore is developing with the changing customer behavior. Trends such as mobile payments, internet banking, instant payments, and the Government's growth initiatives are affecting the payment market in the country.

In September 2021, the Singapore Department of Statistics reported that online retail sales accounted for 15.2% of total retail sales. Given the current economic climate, many physical businesses are transitioning to the internet as a source of increasing revenue.

According to The Business Times, in February 2022, SINGAPORE retail sales increased by 11.1% in 2021, reversing a 15.3% decline the previous year and ending a three-year losing run. Annual advances in discretionary areas such as automobiles, clothing and shoes, watches and jewelry, and leisure products aided full-year growth.

Furthermore, This steady growth in the retail sector presents many opportunities for payment providers in the region to improve their payment platforms and apps to meet the growing demand. In addition, the increasing use of digital wallets and contactless card payments in the region presents a lucrative potential for payment providers.

In June 2021, Fave, a payments network, launched a test program in Singapore and Malaysia that will provide over 6 million

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customers with rapid access to interest-free credit that can be used at over 40,000 retailers.

In Singapore, new services are being launched to meet the increased demand for internet delivery, with local cab company ComfortDelgro establishing a food delivery service and Google enabling the finding of food pick-up and delivery choices throughout the city-state. As residents hide down at home and follow the country's safe-distance regulations to manage the COVID-19 epidemic, there has been a huge increase in retail and meal delivery services.

Singapore Payments Market Competitor Analysis

The Singapore Payments Market is moderately competitive in the presence of market players such as DBS PayLah, GrabPay, Paypal, Fave Pay, and Alipay. Companies operating in the market are taking a variety of steps to extend their presence, which contributes to market growth. In addition, the government's promising initiatives to promote digital payments are expected to boost market competition in the coming years.

October 2021 - Grab Financial Group (GFG), one of the leading Southeast Asian fintech platforms, announced the expansion of its 'Grow with Grab' suite of products and features to help small and medium businesses (SMBs) across Southeast Asia take advantage of the region's e-commerce market opportunity, which is expected to be worth USD 172 billion by 2025. This aligns with Grab Financial Group's strategy of being more merchant-centric in its solutions and supporting its merchants' regional business growth.

August 2021 - PayPal expanded its Singapore workforce by over 25% because of a partnership with the Infocomm Media Development Authority of Singapore (IMDA) and helped from Digital Industry Singapore (DISG). PayPal's expansion will open up a slew of new job opportunities for Singaporeans as the business strives to use technology to make financial services and commerce more convenient, affordable, and safe.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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