

Singapore Payments - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The Singapore Payments Market size is estimated at USD 22.57 billion in 2024, and is expected to reach USD 36.07 billion by 2029, growing at a CAGR of 8.74% during the forecast period (2024-2029).

Key Highlights

- 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 (NFI) 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 licensed under the Payment Services Act are now permitted to link directly to FAST and PayNow.
- 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 cell phones and internet users has surged worldwide, resulting in a major expansion in the payments sector.
- Further, the latest Back to Business study by Visa revealed that the majority (94%) of small and micro businesses (SMBs) in the country were seeking to adopt new payment methods in 2022, with 89% saying doing so would be fundamental to their growth. Amongst the methods that SMBs were considering using are e-wallet apps (59%), mobile contactless payments (58%), contactless cards (43%), Buy Now Pay Later solutions (35%), and digital currencies (33%).
- The COVID-19 outbreak resulted in a substantial shift in payment practices. It included a reduction in cash payments, a transition from in-store to online payment options, and the adoption of rapid settlements. These changes opened up new possibilities for

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payment providers in Singapore.

-As per the latest figures from the Singapore Police Force (SPF), the number of scam and cybercrime cases in the country hit an all-time high of 33,669 in 2022, with a 25.2% YoY increase. E-commerce was among the top five types of scams reported in Singapore. Scammers often use emails, text messages, or phone calls to deceive their targets. For instance, they pretend to be officials or trusted entities to convince victims to reveal their personal information, like bank accounts or credit card details. Scammers then use the data to carry out unauthorized transactions. Such trends may hinder market growth.

Singapore Payments Market Trends

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

- According to the International Trade Administration (ITA), the Singapore e-commerce market was valued at USD 5.9 billion in 2021 and is expected to rise to USD 10 billion by 2026. The region has over 3 million e-commerce users. With a per capita income being USD 65,000, Singapore is also one of the most affluent countries in Asia.
- The increase in Internet penetration is one main factor driving the e-commerce market. For instance, as per ITA, the country has an internet penetration rate of 98% and a smartphone penetration rate of 93%, along with a 58% rate of residents making online purchases.
- 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 pandemic, 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.
- Moreover, retailing plays a pivotal role in making Singapore a viable place to travel and reside. The sector also continues to recover strongly from the impacts of the pandemic, with the Department of Statistics (DoS) of Singapore announcing that the country's retail sales grew by 6.2% year on year in November 2022.
- 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.
- Also, starting in April 2022, retailers in Singapore were able to accept digital payment tokens (DPT) through a new crypto payment solution introduced by Singapore-based major payment institution FOMO Pay. The new payment method targeted at retailers was claimed to be the first such to be developed by a DPT licensee in Singapore. FOMO Pay started implementing its new solution with luxury retailers - such as EuroSports Global, 2ToneVintage, and Luxehouze, amongst others - in compliance with

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regulations.

- 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 Industry Overview

The Singapore payments market exhibits moderate competitiveness with key market players, including DBS PayLah, GrabPay, Paypal, Fave Pay, and Alipay. These companies are actively expanding their market presence, thereby contributing to the overall market growth. Furthermore, the government's proactive initiatives to promote digital payments are anticipated to intensify market competition in the foreseeable future.

In December 2022, DBS announced its partnership with the International Air Transport Association (IATA) to launch IATA Pay across three key Asian markets. This initiative commenced in Hong Kong and is scheduled to extend to Indonesia and Singapore in 2023. IATA Pay revolutionizes the way travelers purchase air tickets online by enabling direct debits from their bank accounts. This innovation enhances financial inclusion, particularly for consumers without access to credit or debit cards.

In November 2022, StraitsX and Grab unveiled their collaboration to trial Purpose Bound Money (PBM) with a selected group of 5,000 participants during the 2022 Singapore Fintech Festival. The PBM token offers an alternative digital currency for making payments and can be instantly transferred to a merchant's digital wallet, presenting an innovative payment solution.

Additional Benefits:

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

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