

Publication: Channel NewsAsia

Date: 06 May 2015

Headline: Singapore well-poised to build vibrant FinTech sector: Industry players

Singapore well-poised to build vibrant FinTech sector: Industry players

By Nicole Tan

POSTED: 06 May 2015 23:55

UPDATED: 07 May 2015 12:42

Hosting a large ecosystem of banks and technology firms helps the Singapore finance sector stay ahead in the current digital age, industry players say.



Automated Teller Machines in Singapore (Photo: Francine Lim, channelnewsasia.com)

SINGAPORE: Industry players said in a conference organised by the Sim Kee Boon Institute for Financial Economics (SKBI) on Wednesday (May 6), that Singapore is well-positioned to tap the massive prospects of financial technology, or FinTech.

“Now in Singapore, we have a great ecosystem of banks and technology companies, universities and research organisations, so it’s a wonderful ecosystem to support the development of a vibrant financial technology sector,” said Ms Anju Patwardhan, Group Head of Risk Innovation at Standard Chartered Group.

She added: “It provides all of us an opportunity to stay ahead of the game by leveraging the Singapore ecosystem and also using some of those things to spread the positive experiences into ASEAN and Asia.”

Investment into financial services technology, exceeded US\$12 billion (about S\$16 billion) worldwide in 2014 - triple compared to the US\$4.05 billion from the year before, according to a report by research firm Accenture. And Asian firms like Alibaba and Tencent have rolled out financial services in recent years, ranging from payments to fund products, loans and insurance.

Publication: Channel NewsAsia

Date: 06 May 2015

Headline: Singapore well-poised to build vibrant FinTech sector: Industry players

INCUMBENTS CAN GET SLICE OF ACTION

As this is a relatively new segment, players are not restricted by regulations, and observers said they are fast disrupting the traditional financial services sector. Still, technology can be an enabler for the incumbents.

"The (non-bank entities) don't have to follow leverage ratios, they don't have to meet capital and liquidity guidelines. So they've lots of advantages," said Ms Patwardhan. "But as an incumbent, the banks are also doing things to reduce costs, and that's where technology is an enabler. It's through innovation and digitisation that the banks are trying to reduce expenses and I think over the next few years, there will probably be a lot of M&A activity within the banking sector."

Industry players have said that opportunities in digital banking will continue to be driven by the increase in mobile usage, the rise of the sharing economy, and the expansion of big data. According to Singapore's biggest lender DBS Bank, this goes beyond just mobile applications.

"Until banks can completely change and enable the backend to allow digital instant fulfillment, you will not get through digital banking," said DBS CEO Piyush Gupta. "We in the DBS context are spending billions of dollars in digitising the bank. Less than 10 per cent of it is in the frontend apps. Ninety per cent of it is in digitising the middle and the back. How do you digitise the back end, and create middleware around it that allows seamless connectors and connectivities into front end?"

DBS spends about S\$600 million on technology each year. Last year, it announced that it would be spending an additional S\$200 million over the next three years.

PACE OF CHANGE NOT SLOWING

This is in line with Minister-in-charge of Smart Nation Programme Office Vivian Balakrishnan's speech at the 5th Annual SKBI Conference dinner on Wednesday, where he urged Singapore's financial institutions to adopt the latest technology trends in order to stay ahead of the curve.

He warned that the pace of change is not slowing down. "So first thing, please find new ways to deliver new services," he said. "Second appeal, please focus on this field of data science and data analytics. Whether you're a bank, a financial institution, a consultant or a university, we now live in the age of big data. The third appeal is we need more rational, careful, and technologically-based conversation on this whole issue of cybersecurity, protection of privacy and especially, protection of identity."

- CNA/hs