

BUSINESS FINTECH USAGE SURVEY - PRELIMINARY SINGAPORE RESULTS

20 AUGUST 2020

CPA
AUSTRALIA



SINGAPORE BUSINESSES FORGING AHEAD WITH USE OF FINTECH TO IMPROVE EFFICIENCY

Executive summary

More Singapore businesses are expected to use FinTech products or services in the next 12 months as they strive to improve operational efficiencies, according to findings from a new regional survey by global professional accounting body CPA Australia.

The survey of FinTech adoption by companies found that 73 per cent of Singapore businesses expect to use at least one FinTech product or service in the next 12 months, compared with 67 per cent of businesses in the past 12 months

Mobile payments and digital wallets are likely to drive the adoption of FinTech, with 42.7 per cent of businesses surveyed saying they believe that these will be used most in the next 12 months. This was followed by robo-advisory/chatbots (23.6 per cent) and open banking APIs (19.1 per cent).

FinTech adoption received a boost from the need to increase efficiency in doing business, with nearly six-in-ten respondents (59.1 per cent) identifying this as an important factor. More than four-in-ten (43.6 per cent) businesses saw the use of FinTech as helping them better understand and improve the customer experience. Just over a third (36.4 per cent) felt the need to adopt FinTech as a new way of operating due to disruptions caused by COVID-19.

At the start of the circuit breaker in April, the Monetary Authority of Singapore (MAS) urged individuals and businesses to use digital finance services and e-payments as part of safe distancing measures.

Just last week, the MAS also announced that it is committing \$250 million to speed up technology adoption and innovation-driven growth in the Singapore financial sector.

But the use of FinTech is not without its risks and challenges. The top two factors identified as barriers to FinTech adoption were cybersecurity (33.6 per cent) and a lack of FinTech understanding within senior management (30 per cent).

Key findings

- 73 per cent of surveyed Singapore accounting and finance professionals stated that their business will use a FinTech product or service in the next 12 months.
- Mobile payments/digital wallets, robo-advisory/chatbots, and open banking APIs are the top three FinTech products or services that experienced the highest usage amongst Singapore businesses in the past 12 months.
- Mobile payments/digital wallets, robo-advisory/chatbots, and open banking APIs are the top three FinTech products or services that Singapore businesses expect to use in the next 12 months.
- 50 per cent of businesses that increased their profitability in 2019 used mobile payments/digital wallets in the past 12 months.
- Improved efficiency (59 per cent), cost savings (44 per cent) and to better understand a new way of operating due to COVID-19 (36 per cent) where the most popular drivers of FinTech adoption in Singapore businesses.
- Cybersecurity (34 per cent), a lack of FinTech understanding and knowledge within Board/senior management (30 per cent) and not considered necessary for the business (26 per cent) were the most likely choices for barriers/challenges to FinTech adoption in Singapore businesses.

BUSINESS FINTECH USAGE SURVEY 2020 SINGAPORE MARKET

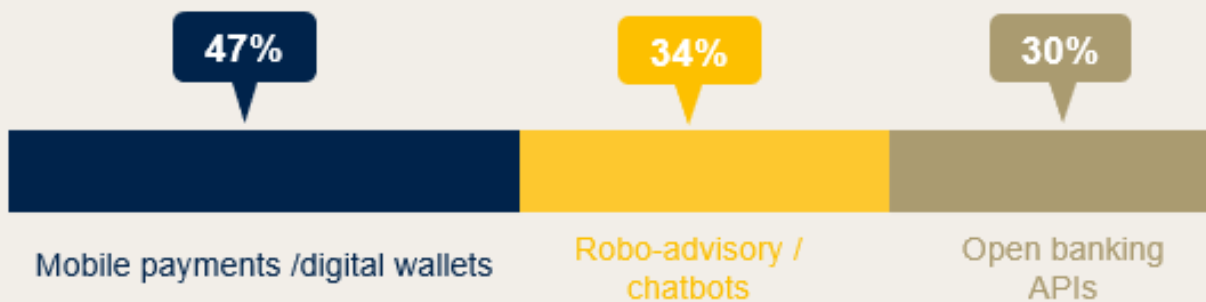


Used FinTech in the past 12 months

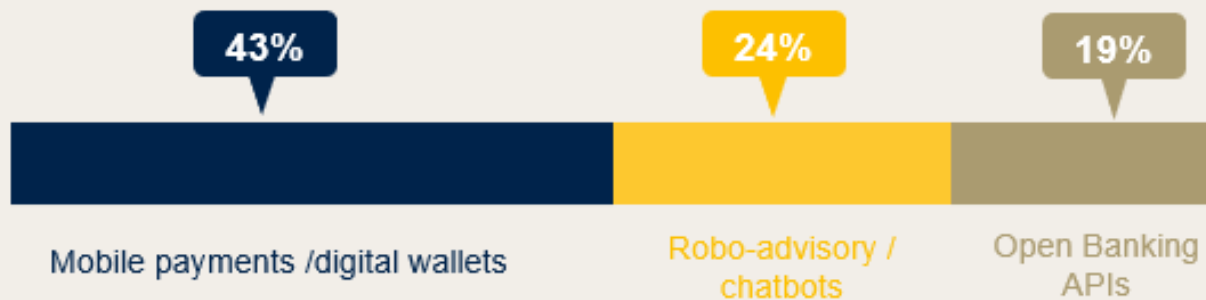


Will use FinTech in the next 12 months

TOP 3 FINTECH WITH THE HIGHEST BUSINESS USAGE IN THE PAST 12 MONTHS



TOP 3 BUSINESS FINTECH USAGE IN THE NEXT 12 MONTHS



DRIVERS



To improve efficiency



To better understand and improve the customer experience



A new way of operating due to COVID-19

CHALLENGES



Cybersecurity



Lack of FinTech understanding and knowledge within Board / senior management



FinTech is not considered necessary for the business

RECOMMENDATIONS FOR BUSINESSES



Business strategy

Use mobile payment technology to improve the customer experience and to meet changing consumer behaviour

Identify and implement appropriate FinTech that improves efficiency and reduces cost



Business operation

Establish a board-level FinTech committee to actively stay informed of new trends and potential

Provide FinTech training programs to all employees and adopt innovative technology tools for recruitment to secure top FinTech talent



Risk management

Commit appropriate levels of expenditure to maintaining and upgrading IT systems to protect the business from cyber-attacks.

Identify your business's sensitive data and ensure that appropriate tools and solutions are in place to help protect that data.

SIX KEY LESSONS FOR FINTECH START-UPS

FinTechs need to demonstrate the following six key features of their product or service:



How it improves the efficiency of a potential client



How it will lead to cost savings



How it can give the business a better understanding of their customers and improve the experience of their customers



How the FinTech will assist the business implement, support and enhance the technology



How customer and business data will be protected



Its cybersecurity features, and how they will assist the business protect its cybersecurity into the future

CHNG LAY CHEW FCPA

President of CPA Australia's Singapore Division 2020

With the global pandemic and more challenging business environment, improving efficiency and enhancing the customer experience are essential elements for businesses to sustain themselves and to thrive. More widespread adoption of FinTech products and services will help in this respect as consumers become increasingly comfortable with digital financial transactions. Government support of technology adoption and a friendly regulatory environment to position Singapore as a top FinTech hub will also be key influences in growing FinTech usage.

The survey results also suggest that cyber risks are very real threats to organisations. To mitigate these risks, it is important that senior management and the boards of companies have the relevant expertise to drive the company's cybersecurity strategy, as well as invest in systems and people to build up cyber defences.

KEY CHARTS FROM THE SURVEY

Figure 1. Comparison of reported business FinTech usage in the past 12 months vs expected business FinTech usage in the next 12 months

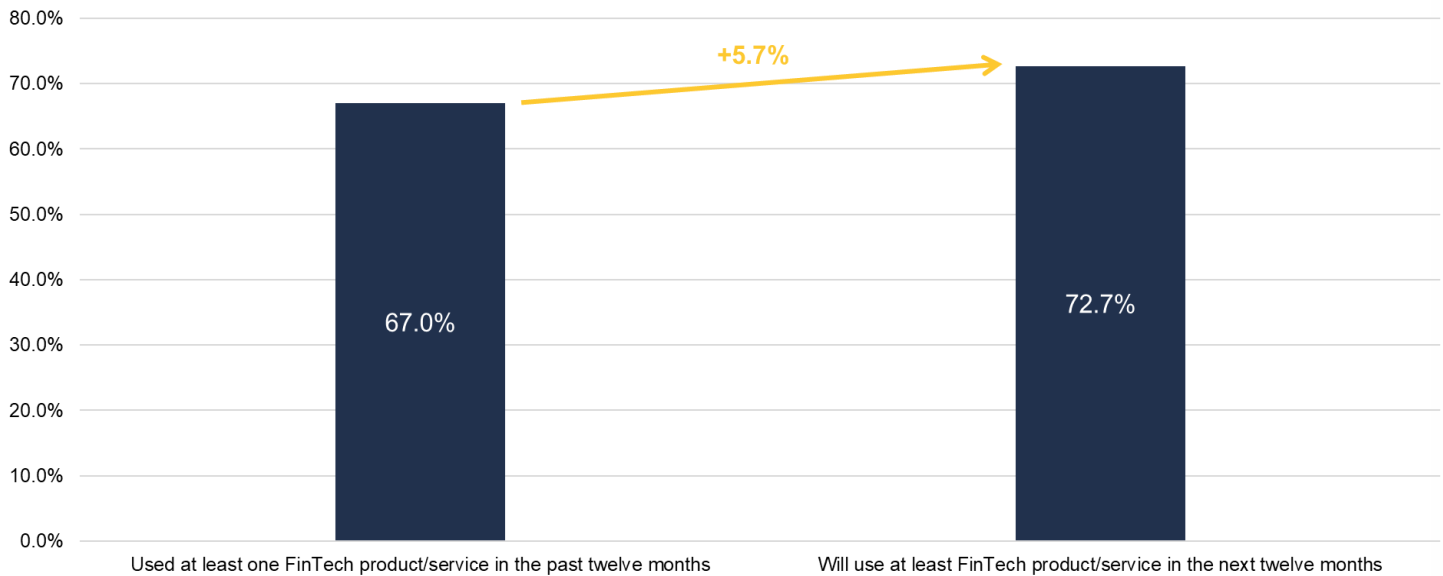


Figure 2. FinTech with the highest business usage in the past 12 months

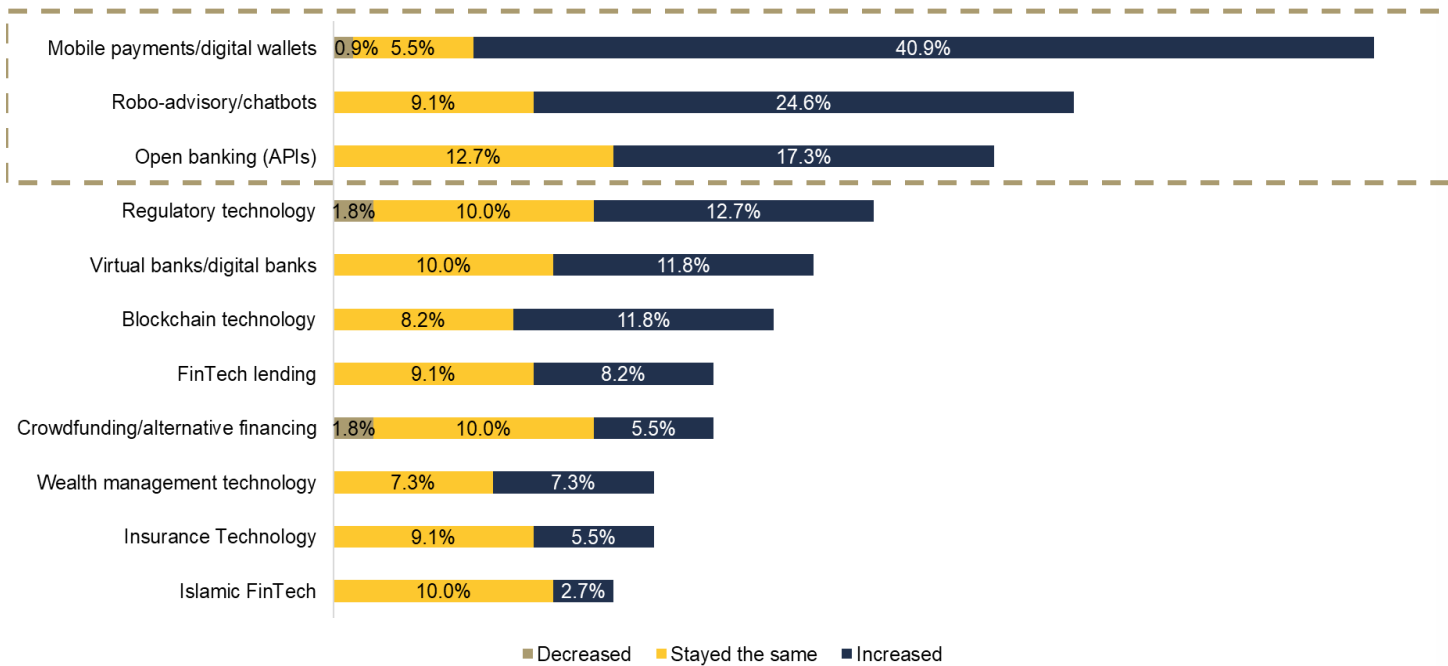


Figure 3. Percentage of business FinTech usage in the past 12 months (businesses that increased their profitability in 2019 vs overall business)

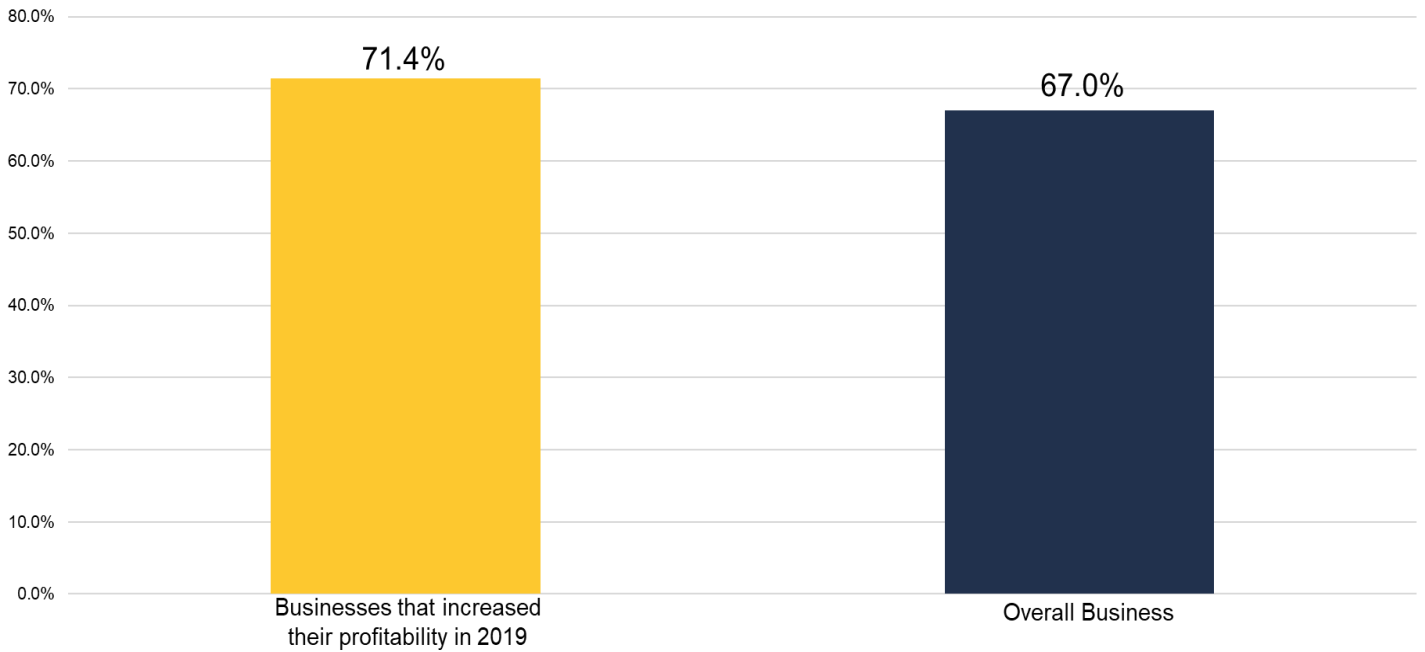


Figure 4. Expected FinTech usage in the next 12 months

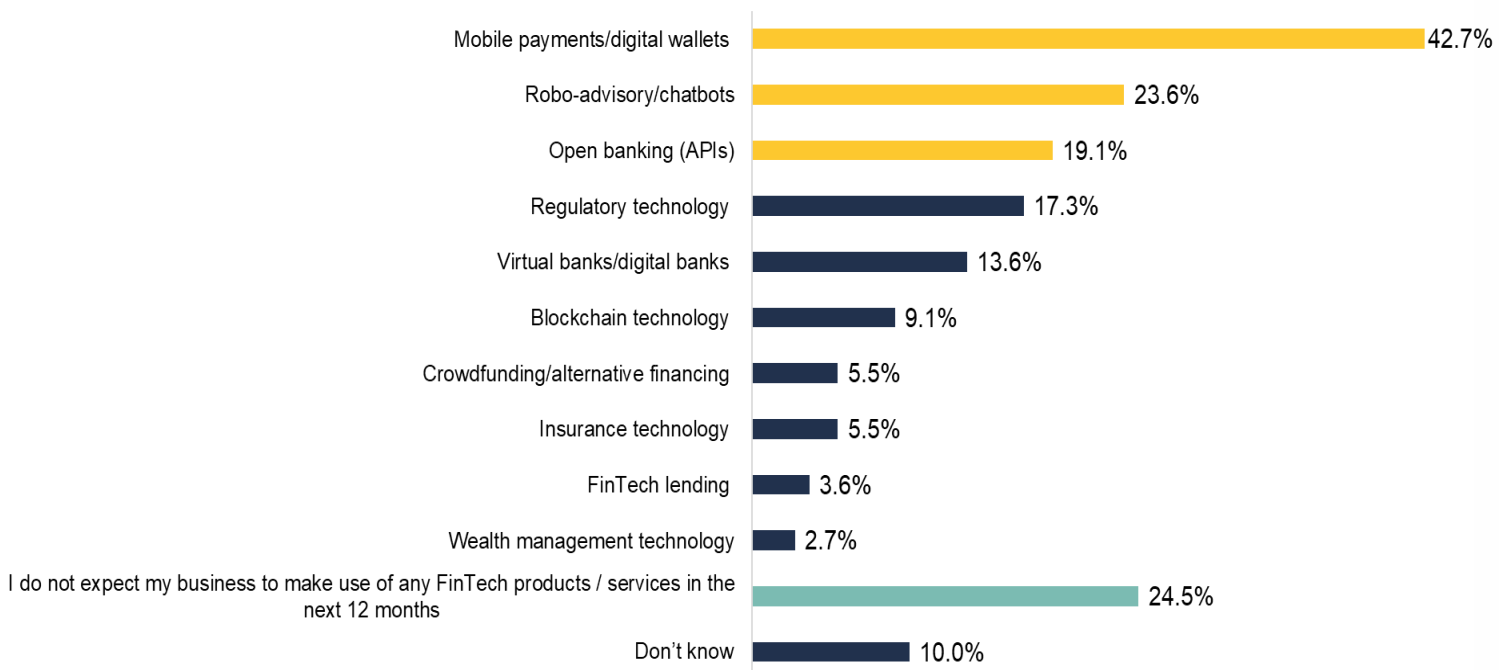


Figure 5. Key drivers to business FinTech adoption – By market

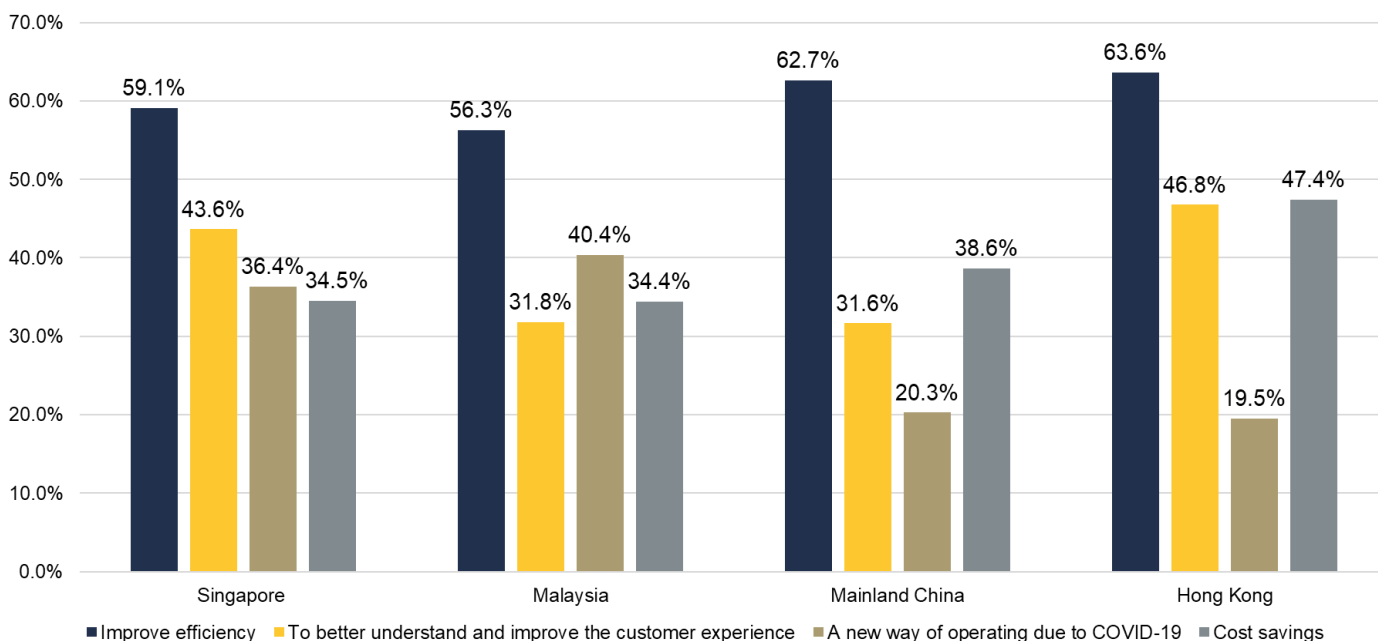
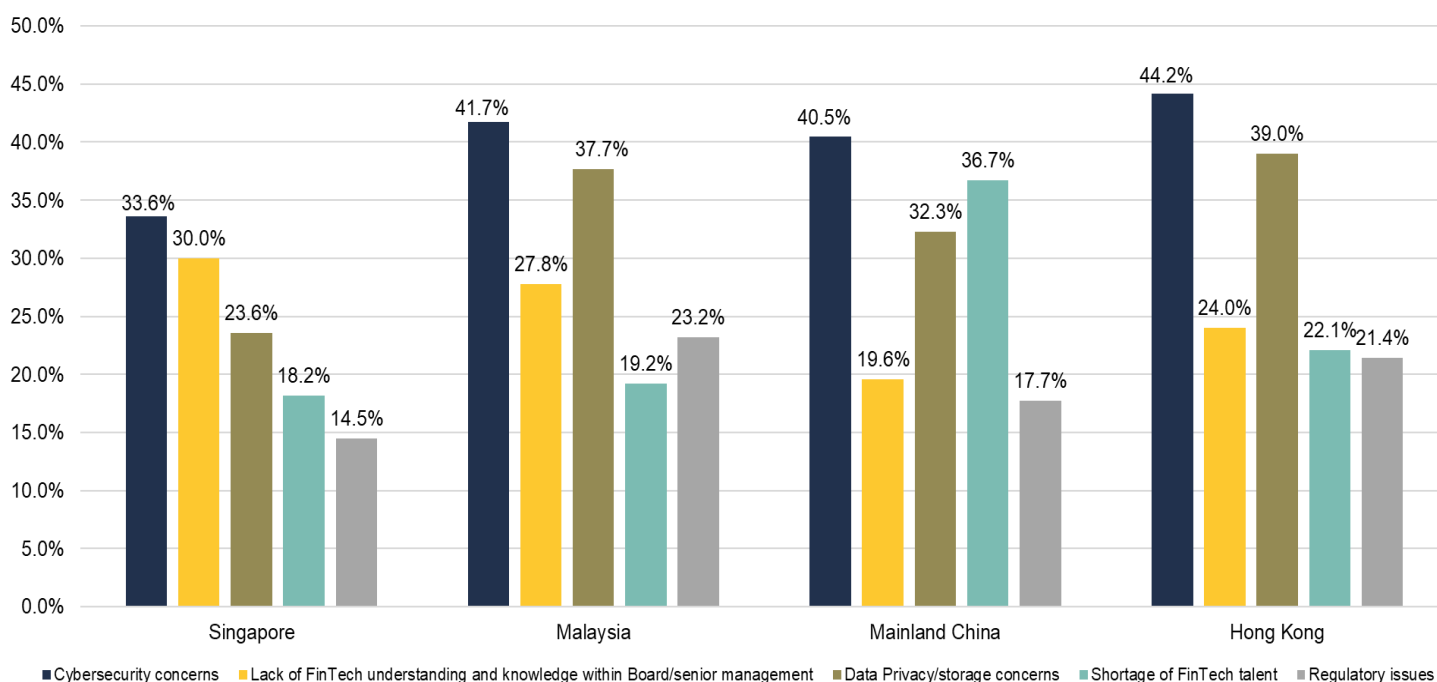


Figure 6. Key challenges to business FinTech adoption – By market



RECOMMENDATIONS FOR SINGAPORE BUSINESSES

CPA Australia suggests that businesses from Singapore undertake a review of their FinTech adoption framework across three dimensions – business strategy level, business operational level and risk management level, when planning for the future and for sustainable growth.

CPA Australia has six tips across three dimensions:

Business strategy level:

- Consider using mobile payment technology to improve the customer experience and to meet changing consumer behaviour.
- Identify and implement appropriate FinTech products/services that improve efficiency and reduce cost in your business.

Business operational level:

- Consider establishing a board-level FinTech committee to actively stay informed of new trends and potential – including cybersecurity issues – to embrace new opportunities that may emerge from the digital economy and to stay ahead of competitors.
- Encourage a corporate-wide innovative culture through developing a FinTech talent pool, such as by providing FinTech training programs to all employees in the business and adopting innovative technology tools for recruitment to secure top FinTech talent.

Risk management level:

- Commit appropriate levels of expenditure to maintaining and upgrading IT systems to protect the business from malicious cyber-attacks.
- Identify the business's sensitive data and ensure that appropriate tools and solutions are in place to help protect that data.

SIX KEY LESSONS FOR FINTECH START-UPS

FinTechs need to demonstrate the following six key features of their product or service:

- How it improves the efficiency of a potential client.
- How it will lead to cost savings.
- How it can give the business a better understanding of their customers and improve the experience of their customers.
- Its cybersecurity features, and how they will assist the business protect its cybersecurity into the future.
- How customer and business data will be protected.
- How the FinTech will assist the business implement, support and enhance the technology.

About the survey

The survey was conducted by CPA Australia from 23 June to 14 July 2020. A total of 573 responses were received from accounting and finance professionals in Singapore, Malaysia, Mainland China, Malaysia, and Hong Kong, with 110 respondents from Singapore, 151 from Malaysia, 158 from Mainland China, and 154 from Hong Kong.

In Singapore, respondents were most likely to be a manager/supervisor, hold a c-suite position, or hold another senior position.

The size of the business the respondent worked for was most likely to be greater than 1000 (32 per cent) or fewer than 50 employees (34 per cent).

About CPA Australia

CPA Australia is one of the world's largest accounting bodies with more than 166,000 members working in 100 countries and regions around the world, and with more than 25,000 members working in senior leadership positions. It has established a strong membership base of more than 20,000 in the ASEAN region.

Acknowledgements

CPA Australia would like to acknowledge the many CPA Australia members who took part in our survey. We would especially like to thank Mr. Chng Lay Chew FCPA (Aust.), 2020 Divisional President – Singapore for his input and guidance in shaping this report.