

## COVID-19 game changer: UOB survey shows 70 per cent of consumers increased digital payment usage in Singapore

**Singapore, 4 January 2021** – Digital payments<sup>1</sup> have received an unambiguous boost in Singapore, prompted largely by changes to shopping behaviour during the pandemic, according to the results of the *UOB ASEAN Consumer Sentiment Study*<sup>2</sup>. Seven in 10 consumers here said that since the onset of the COVID-19 virus, they have increased their use of digital or cashless payment methods, such as credit or debit cards, mobile banking apps and e-wallets.

Findings from the *UOB ASEAN Consumer Sentiment Study* have pointed to online shopping as the critical driver behind the shift to digital payments. Online shoppers formed 86 per cent of Singapore consumers using digital payments during the pandemic. Of these consumers, 73 per cent reported an increase in their use of digital payment methods. Those who did not shop online still reported a rise in digital payments, but in smaller numbers, with 53 per cent saying they use digital payments more than they did before the pandemic.

Physical credit and debit cards, the dominant form of cashless payments in Singapore, saw the biggest increase, with 58 per cent of consumers saying they used them more frequently during the pandemic, ahead of mobile banking apps (47 per cent) and e-wallets (34 per cent). Consumers who said they have used cash more amid the COVID-19 crisis are the smallest group, at 30 per cent.

While observable differences among different age groups do exist, the rise of cashless payments has been high for all generations. Millennials saw the largest increase in such payments (77 per cent), ahead of Generation Z (73 per cent), Generation X (64 per cent) and Baby Boomers (61 per cent).

While consumers are ready to migrate to a digital payments experience, they have different expectations for other money matters such as financial planning, advisory and loans. Two in three Singaporeans said

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<sup>1</sup> Digital payment methods include Internet banking, QR code payments, credit and debit cards, e-wallets and peer-to-peer payment services.

<sup>2</sup> The *UOB ASEAN Consumer Sentiment Study* compares Generation Z (aged 18 to 23), Millennials (aged 24 to 39), Generation X (aged 40 to 55) and the Baby Boomer Generation (aged 56 and above).

they would still value face-to-face interactions post-COVID-19 when it comes to managing more complicated financial matters, according to the *UOB 2020 COVID-19 Survey on Payments*<sup>3</sup>. This finding was also consistent with other ASEAN markets, where the majority of customers still wanted their bank to provide a physical and human connection for more complex banking needs.

Ms Jacquelyn Tan, Head of Group Personal Financial Services, UOB, said, “One of the biggest hurdles to a truly cashless society has been the ingrained behaviours of consumers, which are formed over many years and tend to shift only gradually. Digital payments went from being a convenience to an essential service following the swift and sudden impact of COVID-19 on our lives.

“While we expect a digital-first ‘muscle memory’ to remain for payments, customers are clear that they still want face-to-face interactions for other financial services. The challenge ahead, and one we have been focused on as part of our omni-channel approach, is to digitalise more of our processes and solutions without losing the human connection customers expect their bank to provide.”

As part of making banking simpler for customers, UOB was the first bank in Singapore to digitalise fully all consumer banking product applications<sup>4</sup>. Customers can authenticate their identity using SingPass and apply for an open an account in as little as 15 minutes. The Bank also redesigned several of its branches into ‘High Street Wealth’ centres<sup>5</sup> and integrated the use of artificial intelligence to ensure face-to-face wealth advisory conversations are meaningful and personalised.

### **Digital payments on the rise across ASEAN**

Among the five ASEAN countries covered in the *UOB ASEAN Consumer Sentiment Study*, Singapore saw the second highest share of consumers (70 per cent) who said their use of digital or cashless payments had gone up, ahead of Vietnam (67 per cent), Malaysia (63 per cent) and Thailand (50 per cent), and behind Indonesia (74 per cent).

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<sup>3</sup> Source: *The UOB 2020 COVID-19 Survey on Payments* interviewed 1,060 participants from Indonesia, Malaysia, Singapore, Thailand and Vietnam on their payment and banking preferences post-COVID-19. Different age groups from 18 to over 60-years-old and from a wide range of income brackets were represented in the sample.

<sup>4</sup> Please refer to UOB News Release: [UOB first bank in Singapore to digitalise all consumer banking product applications](#), 22 October 2018.

<sup>5</sup> Please refer to UOB News Release: [UOB builds financial confidence for Singapore’s emerging affluent through new banking experience](#), 11 February 2019.

Ms Tan said, “Digital payments have gained a lot of ground this year, amid the rise in online shopping during the pandemic. Across the region, consumers have shown a greater willingness to adopt newer payment methods. For example, in Singapore the number of UOB customers using PayNow for payments for the first time grew 64 per cent year on year for the first three quarters of 2020. To build on this progress, banks and digital payment service providers must continue to work with merchants to enable the acceptance of cashless payment options at brick-and-mortar stores and to offer more rewards and rebates to encourage consumers to use cashless payment modes.

“At UOB, one way in which we are encouraging the acceptance and adoption of cashless payments is by bringing together partnership ecosystems to integrate these options where our customers live, play and pay. By embedding banking and payment solutions into the customer’s purchasing journey, we are making the access to digital payments smarter, simpler and safer.”

### **Consumers will go fully cashless if conditions are right**

The surge in digital payments has also not necessarily spelt the end of the road for cash in Singapore, which maintains a stubborn presence, especially as the economy reopens and business activity at physical stores picks up. As many as 63 per cent of consumers said they use cash at least once a week, according to the *UOB ASEAN Consumer Sentiment Study*. This goes up to 86 per cent for the Baby Boomer generation<sup>6</sup>. Importantly though, consumers are able to imagine a future without cash, with close to nine in 10 saying they are willing to go cashless entirely if the conditions are right. The top three conditions they cited were digital payment methods becoming easier and more convenient to use, improvements to the security of such payments and a wider acceptance of cashless payment methods by retailers.

The *UOB ASEAN Consumer Sentiment Study* aims to provide a better understanding of ASEAN consumers at a time when the region is undergoing deep social and economic transformation. For the study’s inaugural run in July 2020, more than 3,500 respondents from five ASEAN countries were interviewed, including 1,000 from Singapore and more than 600 each from Indonesia, Malaysia, Thailand and Vietnam.

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<sup>6</sup> In comparison, 67 per cent of Generation X, 56 per cent of Millennials and 55 per cent of Generation Z reported using cash at least once a week.

**About UOB**

United Overseas Bank Limited (UOB) is a leading bank in Asia with a global network of more than 500 offices in 19 countries and territories in Asia Pacific, Europe and North America. Since its incorporation in 1935, UOB has grown organically and through a series of strategic acquisitions. UOB is rated among the world's top banks: Aa1 by Moody's Investors Service and AA- by both S&P Global Ratings and Fitch Ratings. In Asia, UOB operates through its head office in Singapore and banking subsidiaries in China, Indonesia, Malaysia, Thailand and Vietnam, as well as branches and representative offices across the region.

Over more than eight decades, generations of UOB employees have carried through the entrepreneurial spirit, the focus on long-term value creation and an unwavering commitment to do what is right for our customers and our colleagues.

We believe in being a responsible financial services provider and we are committed to making a difference in the lives of our stakeholders and in the communities in which we operate. Just as we are dedicated to helping our customers manage their finances wisely and to grow their businesses, UOB is steadfast in our support of social development, particularly in the areas of art, children and education.

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