



TAX OVERHAUL
Trump's plan calls for slashing taxes on businesses, the wealthy
TOP STORIES / 6

SPARKLING ASSET
Gold's durability in Asia driving global demand OPINION / 24



CPFIS PERFORMANCE
More CPF investors beat risk-free 2.5% returns TOP STORIES / 4

HOCK LOCK SIEW
Scoot key for SIA group if long-haul, low-cost movement takes off
COMPANIES & MARKETS / 7

MARKETS

	Wednesday	Change
STI	3,236.15	+24.11
KL COMP	1,764.24	-1.35
NIKKEI 225	20,267.05	-63.14
HANG SENG	27,642.43	+129.42
SHENZHEN B	1,185.19	+6.48
DOW (11.45am EDT)	22,294.10	+9.78

DAILY DIGEST

Singapore slips a notch to No 3 in the latest Global Competitiveness Index, swapping places with the United States.
TOP STORIES / 2

Singapore's non-resident population falls by 1.6 per cent to 1.65 million, the first drop in 14 years, mainly due to a decline in Work Permit holders.
TOP STORIES / 4



Mandarin Oriental International aborts the sale of the Excelsior in Hong Kong, following a dissatisfactory tender process.
COMPANIES & MARKETS / 7

Twitter Inc will lift its 140-character limit on tweets in an experiment with a small group that may expand to the entire social media platform.
TECHNOLOGY / 20

Customer satisfaction rises in the second quarter for taxi services, public buses and budget airlines in Singapore.
CONSUMER / 21

France's business-friendly government unveils its first annual budget, fending off criticism that its tax cuts favour the very wealthiest.
GOVERNMENT & ECONOMY / 22

Siemens AG and Alstom SA agree to merge their rail businesses in a deal that brings together former arch-rivals from Germany and France to create a European transportation giant aimed at countering competition from China.
TRANSPORT / 23

Many recipes but Singapore's cashless appetite still not sated

Observers say that, rather than having so many e-payment players, it is far better to shoot for interoperability of these systems

By Jacquelyn Cheok
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Too many cooks spoil the broth?

A handful of the already many e-payment solutions in Singapore

COMPANY	SOLUTION	PRE-REQUISITE	MERCHANT REACH (SINGAPORE)	STORED-VALUE WALLET	QR-CODE PAYMENT	P2P FUND TRANSFER
Alibaba	AlliPay	Chinese ID card, Chinese bank card	Thousands of merchants	✓	✓	✓
Apple	ApplePay	Credit or debit card	Tens of thousands of acceptance points	✗	✗	✓ (new on iOS 11)
DBS	DBS PayLah!	DBS or POSB account	31,000 acceptance points	✓	✓	✓
Fave	FavePay	Credit card	Over 300 outlets	✗	✗	✗
Grab	GrabPay	Credit or debit card (without which users can still use GrabPay by receiving credits from someone else)	Target: 1,000 merchant by 2018	✓	✓ (on trial now)	✓
Liquid Group	Liquid Pay	Credit or debit card	1,000 merchant points	✓	✓	✓
Nets	NetsPay	NETS ATM bank card	Target: 100,000 acceptance points by mid-2018	✗	✗	✗

Compiled by BT

Singapore
TOO many cooks are spoiling the broth in Singapore's pursuit of a cashless society. Competition among e-payment players will improve user experience, certainly, but Singapore does not need another new e-wallet; it needs a standardised Quick Response (QR) code or Point-of-Sale (POS) terminal, observers tell *The Business Times*.

Anna Haotanto, chief executive of The New Savvy, an online financial guide for women, said there are now too many e-payment solutions in the market. With DBS PayLah!, GrabPay and Liquid Pay already in the arena, new kids on the block NetsPay and RazerPay made their foray in the last month.

Jeremy Tan, chief executive officer of mobile-payments company Liquid Group, added that Singapore has only scratched the surface of the e-payments market. "We can expect more players to enter the digital payments sector."

But Ms Haotanto said Singapore's focus should not be on encouraging competition through new e-payment schemes. "We should focus on integrating and deploying more POS terminals, having a universal QR code, and convincing merchants to adopt the new technologies by offering monetary incentives or rebates."

Mr Tan said that the crucial first step – since taken – is the development of a QR code for Singapore, dubbed SQQR, which will enable merchants to display just one QR code at their stalls for scanning by any e-payment app. He also recommended a standardised e-payment platform.

SQQR, co-led by the Monetary Authority of Singapore (MAS) and Info-communications Media Development Authority, will be launched by the end of the year.

Mr Tan said that the next step for Singapore, if it is to remain relevant in the global digital-payments sector, is to open up PayNow, which is Singapore's first bank-agnostic, peer-to-peer (P2P) fund-transfer service supported by six banks here.

"By giving us direct access to PayNow, we can build a holistic payments ecosystem that includes global players in the non-banking sectors as well."

Mr Tan's Liquid Group, whose app Liquid Pay can be used at some 100 hawker centres, runs a completely open platform for which any consumer with a smartphone and a credit or debit card can sign up.

He said, "We believe that making the payment process completely frictionless is essential in driving adoption of e-payment solutions."

But Adrian Chng, chief executive of financial services firm Fintonia, said that building a ubiquitous e-payment scheme is a "network-effect and winner-takes-all" type of activity, and that no single app or solution has so far been able to do it.

Success will belong to that app or solution that wins over both consumers and businesses alike.

He said: "The likely dominant solution is a party that already has a large, engaged base of consumers, and this would naturally extend into payments and is able to subsidise losses in e-payments while making profits elsewhere in the business value chain, such as by using data to improve advertising, or sales in their e-commerce activity."

Such criteria thus favour existing solutions or apps such as Grab, Uber, WhatsApp or AlliPay; it is unlikely that an incumbent financial-services provider will cannibalise its own current payment revenue streams and find new revenue sources to compensate that, he said.



Paying for lunch at Tanjong Pagar Plaza Market and Cooked Food Centre by scanning the QR code. The stallholders' association there has teamed up with Nets to enable cashless payments at all 47 stalls. FILE PHOTO

slashing implementation costs and consumers by offering promotions.

Jan Ondrus, associate professor of information systems at Essec Business School, said competition is "rather good news" for users, who can benefit from a variety of incentives.

"Imposing only one e-payment scheme to all Singaporeans would not make sense at this point. MAS is already working on the interoperability issue, which is the right approach."

Andy Li, chief executive of Silot, which creates unified QR-code systems, said the best way to boost e-payment adoption is through use cases that demonstrate the benefits of cashless.

He said: "As payment preferences are personal, consumers will not download all the available e-wallet solutions, but will keep only one or two preferred ones."

When a cluttered counter obstructs cashless payments, Page 6

"We should focus on integrating and deploying more POS terminals, having a universal QR code, and convincing merchants to adopt the new technologies by offering monetary incentives or rebates."

Anna Haotanto, CEO of The New Savvy

THE BUSINESS TIMES
PROPERTY 2017



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S'pore has more US investments than China-Japan combined

American MNCs still investing in factories and offices here, mostly by ploughing back returns

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Singapore
US multinational corporations have more money sunk into Singapore than in China and Japan combined, according to the latest data released by the US Department of Commerce.

And US MNCs are still investing in factories and offices here, though not so much through fresh capital injection than ploughing back the returns of their investments.

A recent issue of the Survey of Business, a publication of the Department of Commerce's Bureau of Economic Analysis (BEA), reported that the book value of US direct investments in the Asia-Pacific region rose US\$43.4 billion (5.4 per cent) from 2015 to a cumulative US\$846.68 billion in 2016. The single biggest jump – US\$10.1 billion – was seen in Japan.

The next biggest increases were in Singapore – US\$8.1 billion – and China – US\$8.0 billion, both driven by reinvestment of earnings.

"In Singapore, reinvestment of earnings was concentrated in wholesale trade, manufacturing and finance and insurance, whereas in China it was concentrated in manufacturing," the report said.

Still, Singapore remained host to the biggest stock of US direct investments in the region – US\$258.86 billion, more than in Japan (US\$114.66 billion) and China (US\$92.48 bil-

US still flexing economic muscles

US direct investments (stock) overseas (US\$ billion)

	2016	2015
Canada	363.91	344.75
Europe	3,174.89	2,919.51
Latin America	843.36	873.39
Africa	57.47	59.27
Middle East	45.93	46.58
Asia and Pacific	846.68	803.27
Australia	165.35	158.73
China	92.48	84.53
Hong Kong	65.63	64.11
India	32.94	29.94
Indonesia	4.56	13.35
Japan	114.64	104.13
South Korea	39.07	36.93
Malaysia	13.89	14.97
New Zealand	8.43	7.93
Philippines	5.89	5.39
Singapore	258.86	250.75
Taiwan	16.19	15.31
Thailand	11.77	10.59
All countries	5,332.23	5,048.77

Source: US Department of Commerce

lion) – the world's two biggest economies after the US – together, according to the Department of Commerce's data.

Australia followed with US\$165.35 billion, ahead of Japan. Hong Kong came in at US\$65.63 billion and India US\$32.94 billion.

Globally, the stock of US direct investments abroad jumped 5.6 per cent in 2016 to

US\$5,332 billion, lower than the 8.2 per cent average for 2006-2015.

"The growth in 2016 reflected direct investment financial transactions outflows of US\$280.7 billion, primarily reinvestment of earnings in equity investments and other changes in position of US\$2.8 billion," the Department of Commerce said.

As with US investments in most other countries, the largest slice – half – of the investments in Singapore were in holding companies that are likely to invest funds in other countries as well.

US cumulative direct investments rose in three of the six major geographic areas last year: Europe (+8.7 per cent), Canada (+5.0 per cent) and Asia-Pacific (+5.4 per cent). US investments fell in Latin America (-3.4 per cent), Africa (-3.0 per cent) and Middle East (-1.4 per cent).

The Netherlands accounted for the biggest share of US direct investment with 15.9 per cent of the total. The UK comes next (12.8 per cent), followed by Luxembourg (11.4 per cent) and Ireland (7.3 per cent).

Singapore was the eighth largest, accounting for 4.9 per cent of total US investments.

As with US investments in most other countries, the largest slice – half – of the investments in Singapore were in holding companies that are likely to invest funds in other countries as well.

US MNCs also have a significant presence in manufacturing (US\$42.53 billion), especially in the computers and electronics products segment, and finance (excluding banks) and insurance (US\$21.55 billion).

Until 2015, US investments in Singapore's manufacturing was the biggest in the region. Last year, living up to its role as the world's factory, China overtook Singapore when US MNCs' cumulative investments in the Chinese manufacturing sector increased to US\$47.04 billion, up from US\$41.47 billion in 2015.

Regionally, 30 per cent of US direct investments as of 2016 were in holding companies, 20 per cent in manufacturing, 14 per cent in finance (except banks) and insurance and 12 per cent in wholesale trade.

Worldwide, the share was 52 per cent in holding companies, 13 per cent in finance (except banks) and 13 per cent in manufacturing.