

milieu

# THE BIG PICTURE **PAYMENTS**

Singapore Report

Published July 2021

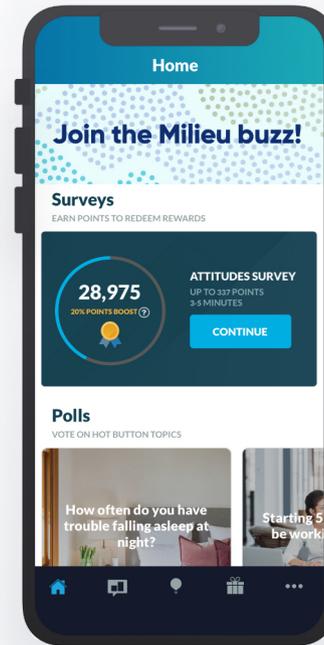
# Table of Contents

3	About Us	7	Saving & Spending Attitudes
4	Methodology	16	Payment Preferences
5	Key Findings	28	An Emerging Sector
6	Introduction	38	Get In Touch

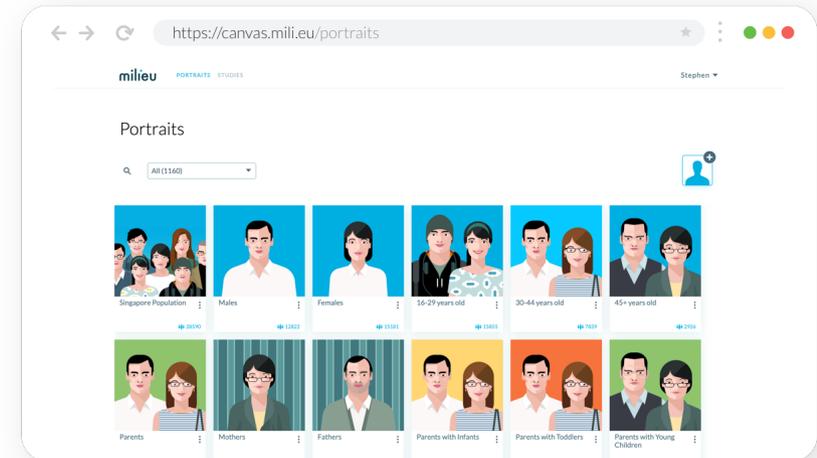
# About Us

Milieu Insight is an award winning consumer data and analytics company that connects businesses and organisations directly with a community of opinion sharers at scale. At the core of what we do is our proprietary data collection app, known as Milieu Surveys, where anyone can join to have their voice heard and get rewarded.

Milieu's core platform, Canvas, offers business users a wide range of tools for accessing, analysing and visualising high-value and timely consumer opinion data to help power better decision making and strategy.



Consumers can share their opinion and earn rewards



Business users can access, visualise and analyse consumer opinion at scale

# Methodology

This study was carried out through online, quantitative research, with data sourced from Milieu’s own, proprietary online panel.

The core research specifications are outlined in the table on the right. Quotas were applied for gender and age to ensure the dataset is representative of the Singapore resident population.

<b>Methodology</b>	Online Survey via Milieu’s proprietary panel
<b>Market(s) Covered</b>	Singapore
<b>Target Audience</b>	Singapore resident population, aged 16 and above
<b>Sample Size</b>	N=1,737
<b>Margin of Error</b>	+/- 2% at 95% confidence level
<b>Survey Duration</b>	20 questions (approx 5 minutes)
<b>Fieldwork dates</b>	June 2021

# Key Findings



## A Mobile Shift

Mobile payment methods, such as mobile wallets and peer-to-peer payments, gained the most, in terms of weekly usage, since the pandemic started.



## Maximising Returns

Singaporeans prioritise payment methods that offer rewards and rebates on their spending above all else.



## The Future of Cards

Although credit cards aren't going anywhere just yet, they could face fierce competition from the newer, mobile-first payment solutions that offer all the rewards, without the hefty fees.



## BNPL Adopters

Millennials, aged 25 to 40, are at the frontline of adoption, when it comes to the new, tech-enabled BNPL services.



## BNPL & Rewards

Although instalment plans may seem like a solution for those who can't afford to purchase a particular product, the primary draw of BNPL in Singapore appears to be about rewards and promotions.

# Introduction

## At Milieu we're all about getting the **BIG PICTURE**

The world is changing and we want to help you understand how. In this report, we dive into the world of payments and explore how behaviours and attitudes are changing in Singapore with respect to the rapidly evolving finance and payments landscape.

Although Singapore may [not be going fully cashless](#) quite yet, the impact of the Covid-19 pandemic has undoubtedly accelerated adoption of mobile payments. In this report, we look at general financial behaviours and attitudes, such as Singaporean views toward savings and retirement planning. We also explore how usage and preference of different payment methods have shifted since the pandemic began. And finally, we take a closer look at a new and rapidly growing sector, buy-now-pay-later (BNPL).

All of the data found in this report was sourced from Milieu's proprietary online panel. If you'd like to learn more about how the study was conducted, or you would like to get access to the original dataset, drop us an email!

Get in touch!

[reports@mili.eu](mailto:reports@mili.eu)



SECTION 5

# Savings & Spending

# 33%

Of Singaporeans save 26% or more  
of their monthly income

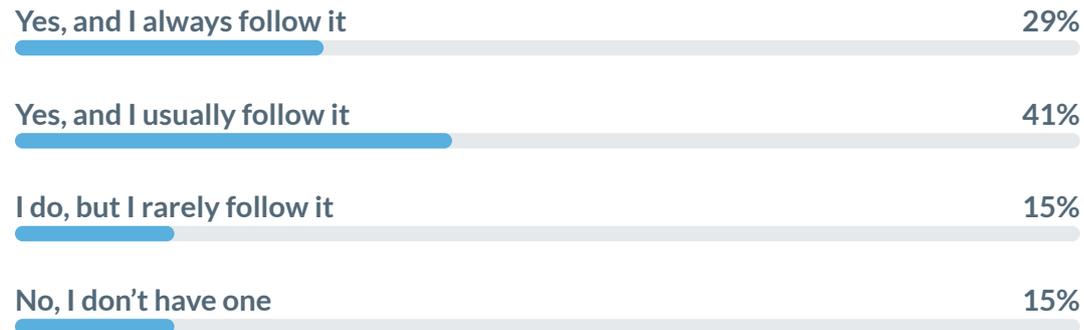


# Saving & Spending

## Singaporeans actively manage their finances

7 in 10 Singaporeans say that they have a savings plan in place, and that they *usually* or *always* follow it. Roughly one third of the population say they have a savings plan that they strictly follow.

### Do you currently have a personal savings plan where you set aside a target amount of your income for savings?

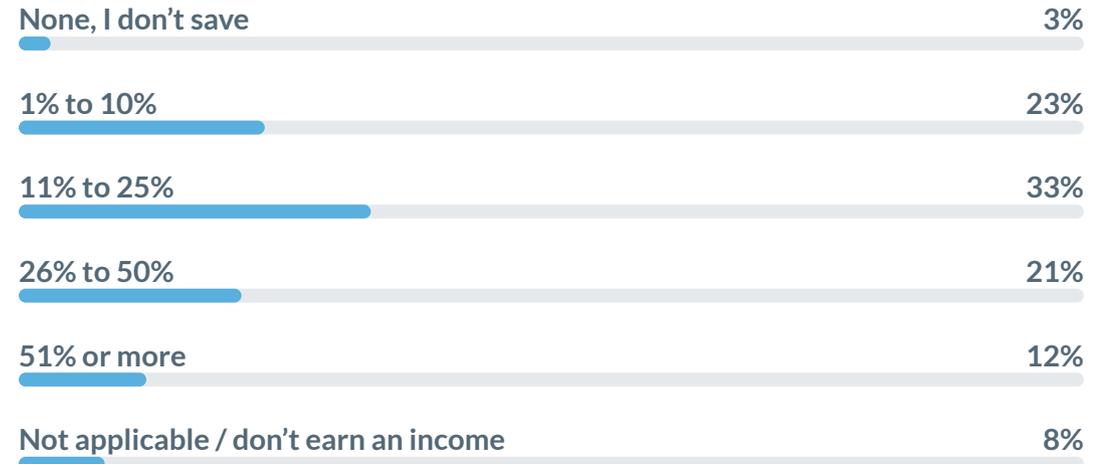


Question asked to: All respondents (n=1,737)

## They're also committed to saving

One third of Singaporeans save more than 26% of their monthly income, another third save between 11% to 25% of their monthly income.

### On average, how much of your personal monthly income do you put into savings every month?



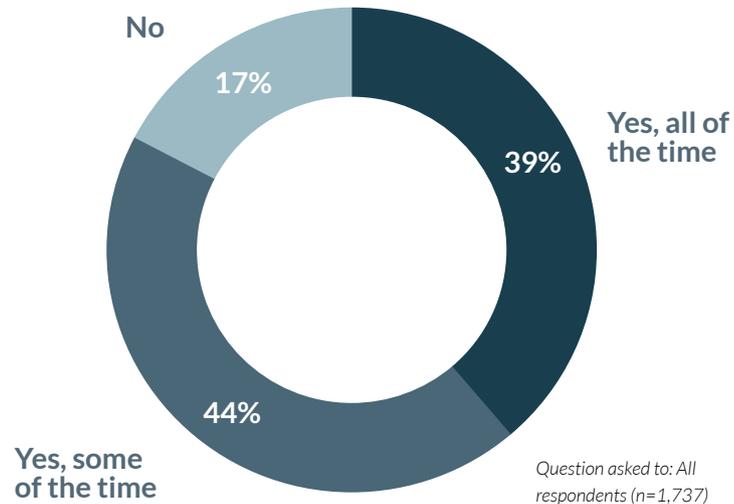
Question asked to: All respondents (n=1,737)

# Saving & Spending

## They actively monitor their spending through expense tracking

Singaporeans also actively monitor and track their spending, with 8 in 10 Singaporeans stating that they track their spending, and 39% indicating they do it *all of the time*.

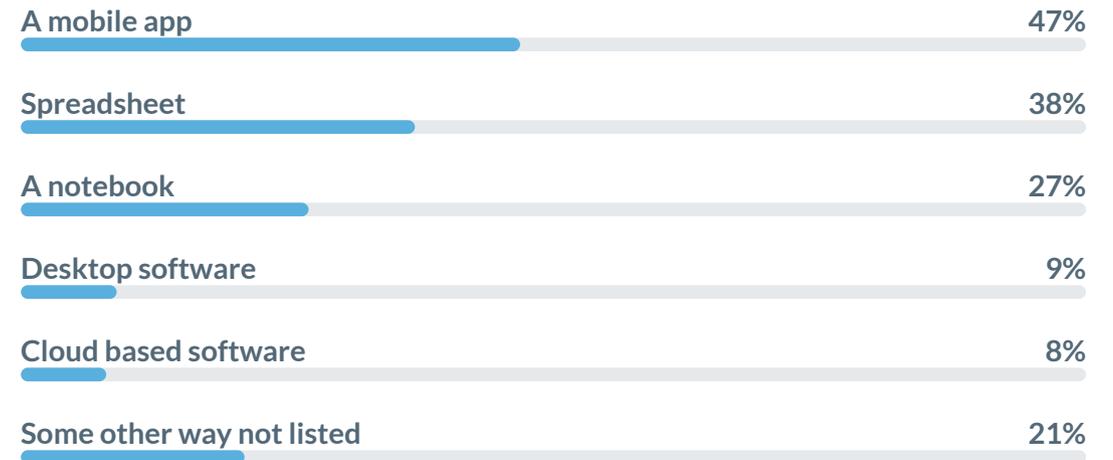
### Do you keep track of your spending per month?



## Mobile apps are the primary way of tracking

Mobile apps are the #1 method that Singaporeans use to track their spending (46%), though they do still use more manual methods like spreadsheets (38%). Notably, mobile expense tracking is most prominent among those aged 16 to 35.

### How do you keep track of your spending?



Question asked to: Respondents who track spending (n=1,433)

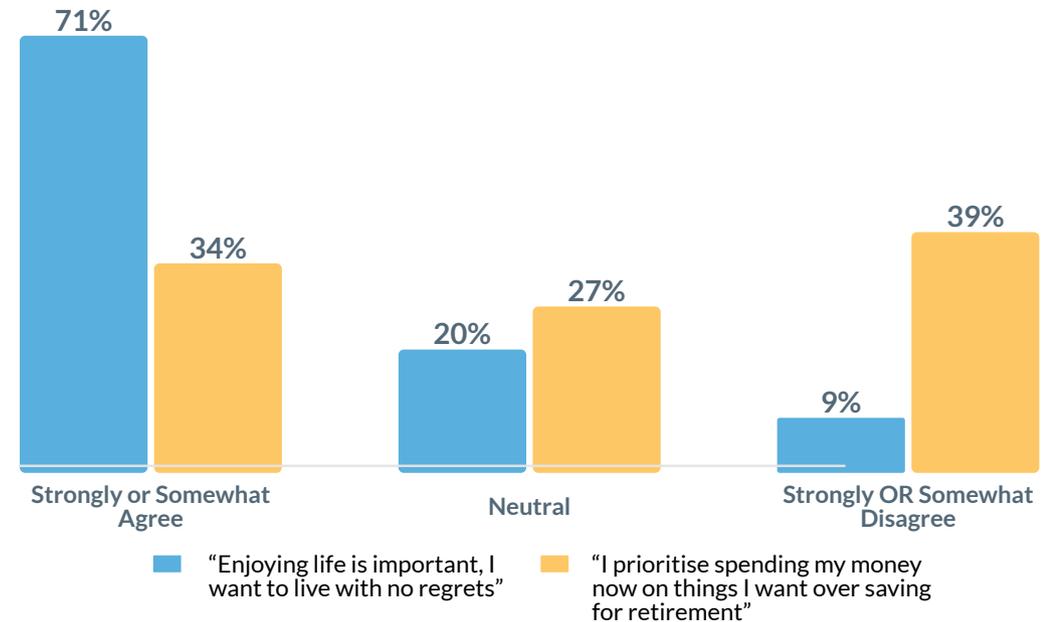
# Saving & Spending

## Singaporeans want to enjoy life, but opinions are mixed regarding which money management strategy maximises enjoyment

71% of Singaporeans either *strongly* or *somewhat* agree that they want to enjoy life and “live with no regrets”. This sentiment is universally held across age groups.

On the other hand, when asked if they *prioritise spending their money now on things they want* versus *saving it for the future*, opinions were notably divided. 34% agreed that it’s more important to prioritise spending their money now, while 39% disagreed with that statement.

### Agreement level with lifestyle attitude statements



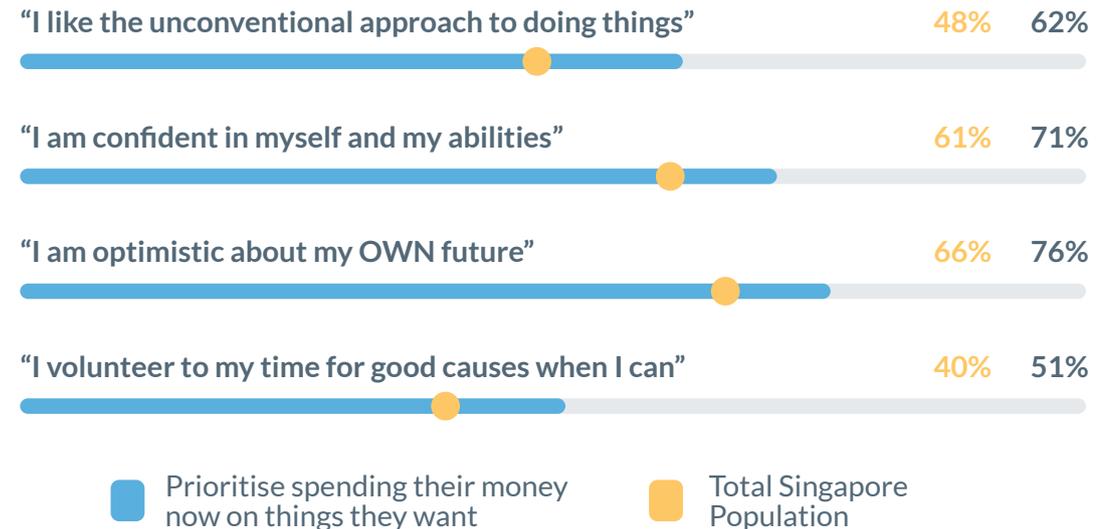
Question asked to: All respondents (n=1,737)

# Saving & Spending

## For the group who prioritise spending on things they want now, they have a unique outlook on life

Although younger demographics, aged 16 to 24, were slightly more likely to agree that they prioritise spending their money now, age has less to do with predicting this attitude than their broader psychographic profile. For example, Singaporeans who prioritise spending their money now are statistically more likely to *seek more unconventional ways of doing things* in life, to have *higher confidence* levels, and to be more *optimistic about their future*. They're also more likely to be socially conscious and *volunteer their time for good causes*.

## Agreement level with lifestyle attitude statements



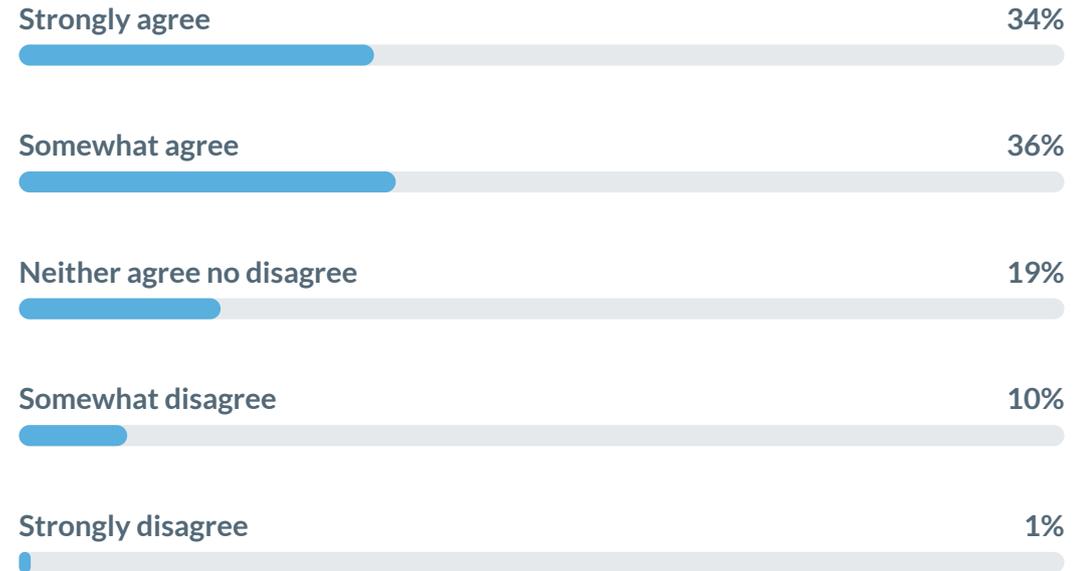
Question asked to: Respondents who said they prioritise spending their money now (n=587)

# Saving & Spending

## There is a strong consensus that one should not live beyond their means

Despite a clear desire to live an exciting and fulfilling life, Singaporeans are still careful about how they spend, as 70% agree that it's important to pay for big-ticket items in full, rather than through instalments. This sentiment is consistent across all age groups, from 16 to 54.

“I believe it’s always better to pay in full than paying over instalments”



Question asked to: All respondents (n=1,737)

# Saving & Spending

## Those with higher incomes are more open to forms of debt

When it comes to views toward debt, opinions lean toward believing that debt is bad, as 46% either *somewhat* or *strongly* agreed with this statement, while 32% either *somewhat* or *strongly* disagreed. But when that data is broken down by income groups, those in higher-income brackets are statistically more likely to be open to debt.

### “I believe that all debt is bad debt” by INCOME GROUPS (Monthly Household Income)

Answer	Overall	<SGD2,999	SGD3,000-SGD5,999	SGD6,000-SGD8,999	SGD9,000-SGD11,999	>SGD12,000
Sample Size (N)	1,737	540	538	243	247	169
Strongly agree	17%	21%	17%	13%	19%	11%
Somewhat agree	29%	32%	32%	27%	20%	28%
Neither agree no disagree	22%	24%	20%	23%	21%	14%
Somewhat disagree	25%	20%	24%	29%	30%	35%
Strongly disagree	7%	3%	7%	8%	10%	12%

Question asked to: All respondents (n=1,737)

 Statistically higher than overall

 Statistically lower than overall

# Key Takeaways

## Most Singaporeans actively manage their finances

More than 70% of Singaporeans say they have a savings plan that they usually or always follow.

## And they're disciplined about saving their hard earned money

56% of Singaporeans save between 11% to 25% of their monthly income, while another 33% save 26% or more.

## But for many, saving shouldn't come at the cost of enjoying life now

Opinion is divided on whether you should rigorously save for the future, as 34% agree that one should spend on things they want today over saving for retirement, while 39% disagreed.

## But overall, financial discipline is a common trait among Singaporeans

70% believe in paying for goods and services in-full and upfront, while 46% believe that all debt is bad. But interestingly, openness to different forms of debt increase among higher income earners.

SECTION 6

# Payment Preferences

41%

Of Singaporeans use mobile wallets today



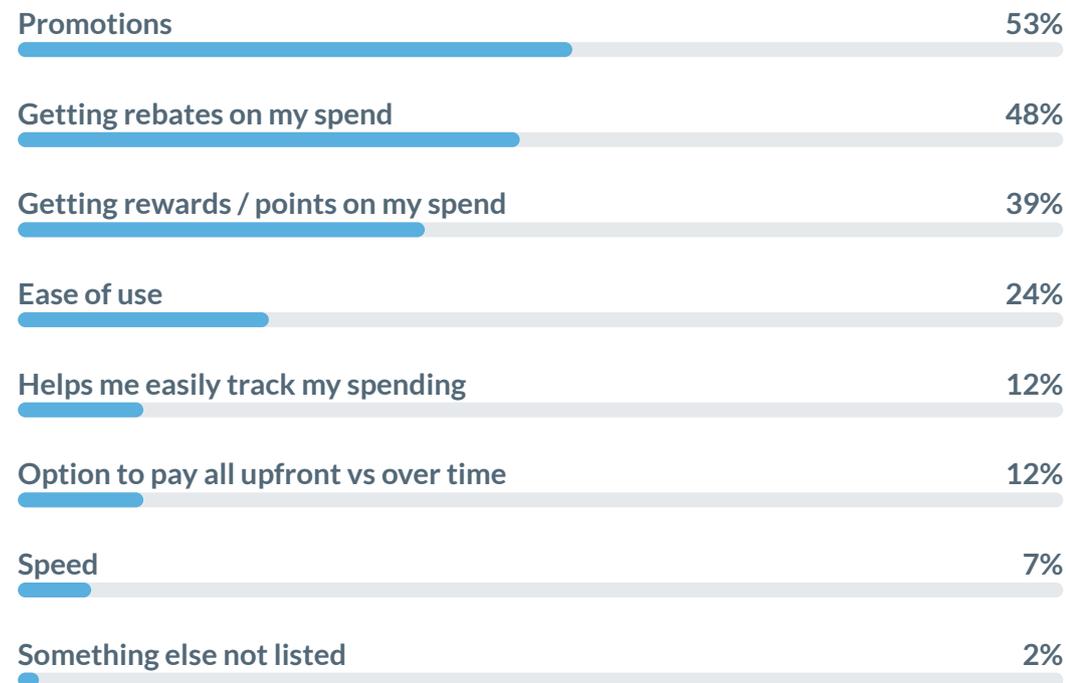
# Payment Preferences

## Promotions, rebates and rewards significantly outweigh convenience and ease-of-use when choosing a payment method

When it comes to the reasons that motivate why Singaporeans choose one payment method over another, it seems that maximising returns on their spending is of the utmost importance. Roughly half the population stated that *getting promotions* (e.g. credit card promos at restaurants, etc) is a key motivator when choosing a payment method. *Getting rebates* as well as *rewards* ranked 2nd and 3<sup>rd</sup> respectively.

Notably, *ease of use* only ranked 4th on the list, and at only 24%. This suggests that maximising returns is far more important to the average Singaporean than other attributes, like convenience.

## When choosing a payment method for a purchase, what's most important to you?



Question asked to: All respondents (n=1,737)

# Payment Preferences

## Credit cards still dominate, but they may have a difficult road ahead

Credit cards appear to have come out of the last 1.5 years relatively unscathed, with no change in weekly usage between pre-pandemic and today. But that doesn't mean that credit cards don't have an uphill battle ahead. For example, the share of Singaporeans who use peer-to-peer methods like PayNow at least once per week is now almost as high as credit cards, and mobile wallets aren't far behind.

When we asked the respondents who don't use credit cards why they reject them, the primary reasons were that they *don't like paying annual fees* (37%) and that they're concerned about *paying late fees* (32%). Since many mobile payment platforms, such as mobile wallets, PayNow and BNPL, don't come with hefty annual fees, a sizeable shift away from traditional credit cards could be on the horizon.

## Top 4 reasons for not using a credit card regularly?

37%

*"I don't like paying annual fees"*

32%

*"I'm concerned about paying late fees"*

31%

*"I'm not eligible for one"*

27%

*"Interest rates on overdue amount are too high"*

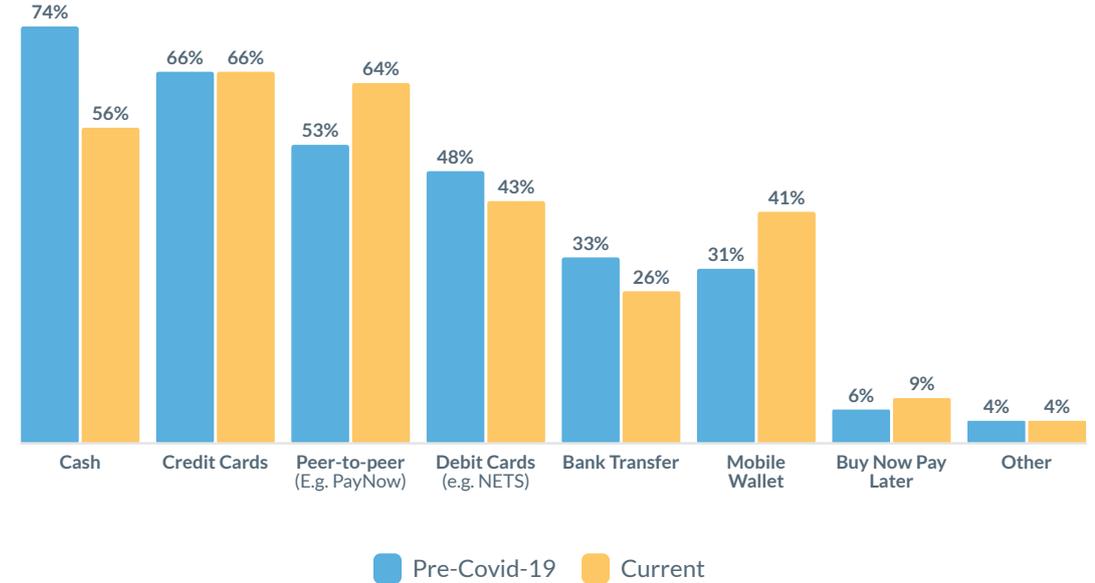
# Payment Preferences

## Cash loses, mobile payments gain

In terms of payment method usage, the effects of the global pandemic seem to have expedited Singaporean consumers' move away from cash and toward mobile. For example, weekly usage of cash dropped 18 points from 74% to 56%, while peer-to-peer (e.g. PayNow) increased 11 points from 53% to 64% and mobile wallets increased 10 points from 31% to 41%.

Buy-now-pay-later (BNPL) services are also noteworthy. Despite being a fairly young category, with low overall usage across the population, weekly usage of such services has increased 3 points, from 6% to 9%, or a rate of growth of 50%. Given that many BNPL providers offer promotions, rebates, and rewards programs, and are inherently mobile-first, it seems that Singaporeans could be turning to these offerings as a way to help maximise returns on their spending.

## How has usage of payment methods changed pre-Covid compared to today?



Question asked to: All respondents (n=1,737)

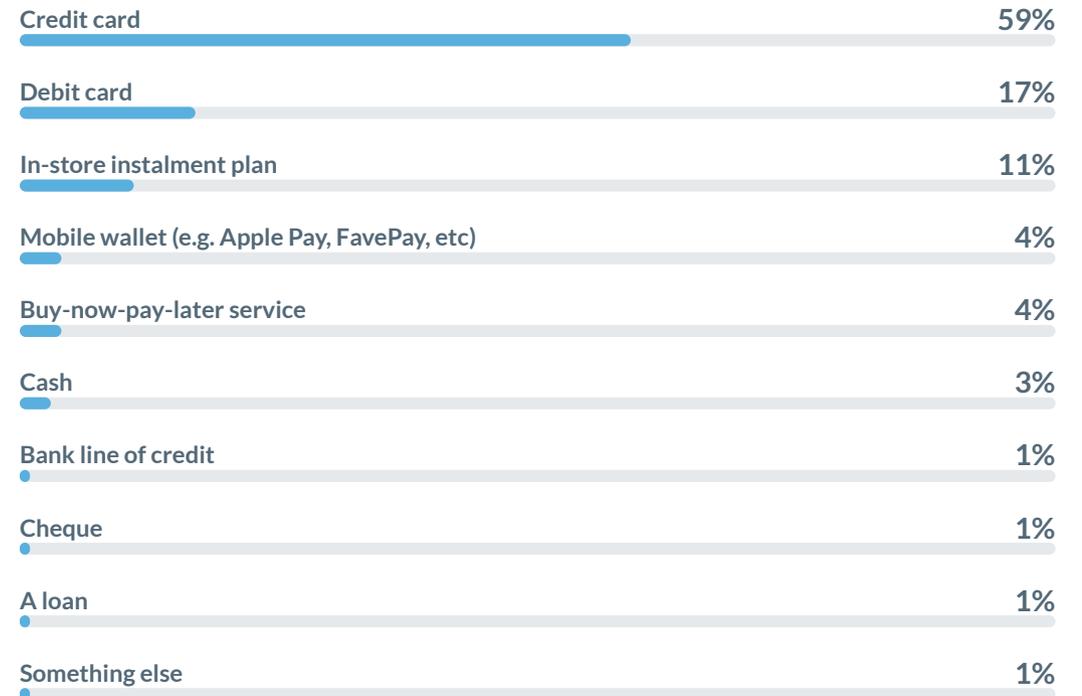
# Payment Preferences

## Credit cards also dominate for big ticket purchases

When asked which payment method they were most likely to use for big ticket purchases, 59% of respondents said they would use credit cards. On the other hand, mobile wallets only capture 4% of bigger ticket purchases. This suggests that even early adopters of mobile payments are not yet be ready to use such methods for larger transactions.

Notably, given the age of the tech-enabled BNPL sector, BNPL tied for 4<sup>th</sup> place along with mobile wallets.

Which of the following payment methods would you rather use for a big ticket item, such as a piece of furniture, a custom build PC, etc?



Question asked to: All respondents (n=1,737)

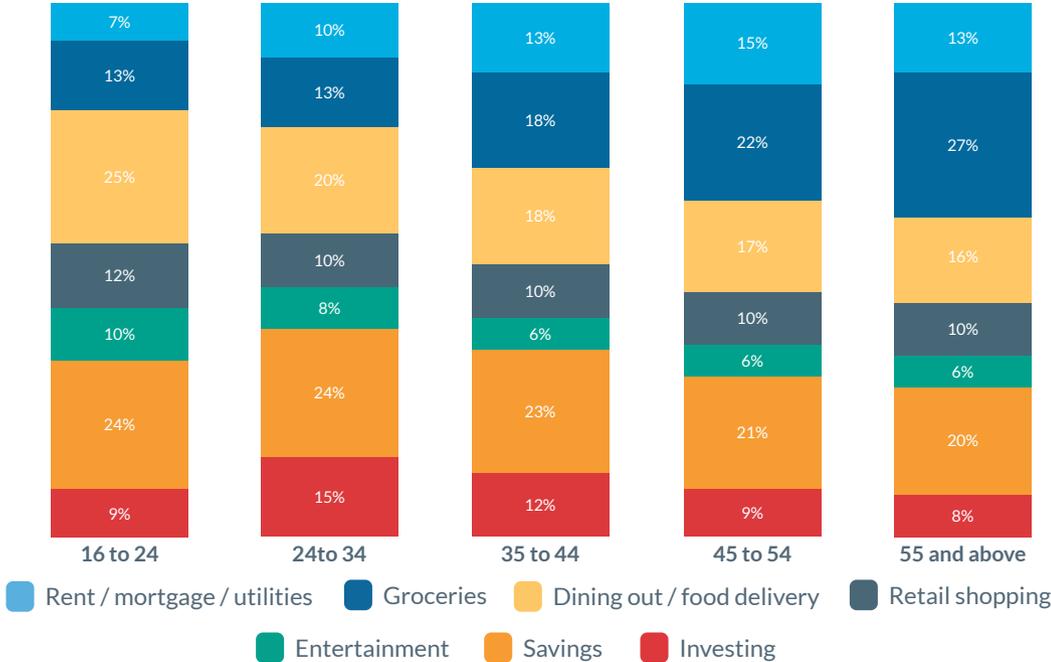
# Payment Preferences

## Singaporeans are saving and investing their earnings from a young age

We asked Singaporeans how they typically allocate their income across a number of categories, from rent to groceries to savings. As you might expect, the share of income allocated to *retail shopping, dining, and entertainment* was highest among 16 to 24 year olds. But among this group, 33% of earnings are still being allocated to a mix of *savings and investments*.

The Gen Z segment, aged 16 to 24, also had one of the highest savings rates, as a proportion of their total income, similar to Gen Y. So even younger Singaporeans, who have more disposable income, are still putting a significant amount of their earnings aside for savings.

How much of their monthly income is allocated to different spending categories?



Question asked to: All respondents (n=1,737)

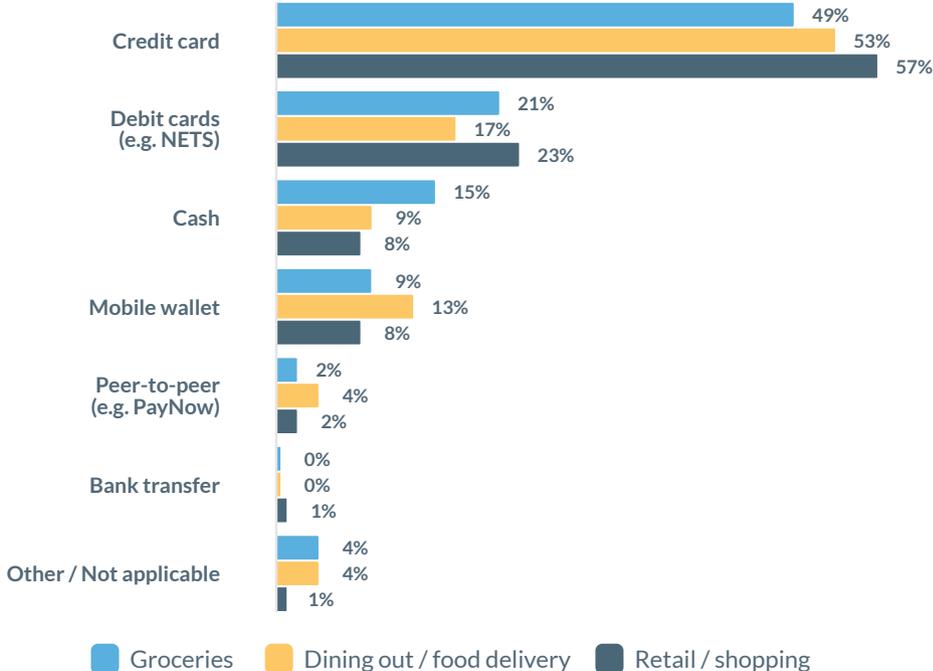
# Payment Preferences

## Credits cards are still the default for many different types of purchases

We were also interested in learning how Singaporeans typically pay for goods or services within a few spend categories, specifically groceries, dining / food delivery as well as retail shopping.

It would appear that credit cards are still the default payment method for all three of these spending categories. Debit cards also ranked high, while mobile wallets performed highest for the *dining / food delivery* category.

## Which payment method do they use for different types of purchases?



Question asked to: All respondents (n=1,737)

# Payment Preferences

When we break this data down by age groups, a slightly different story emerges. When it comes to the purchase of *groceries*, credit cards drop from 49% to just 18%, among 16 to 24 year olds, while mobile wallets and peer-to-peer see a small bump among the 25 to 34 year olds.

## How do you typically pay for Groceries? by AGE GROUPS

Answer	Overall	16 to 24	25 to 34	35 to 44	45 to 54	55 and above
Sample Size (N)	1,737	365	417	421	296	238
Cash	15%	18%	9%	10%	18%	25%
Credit cards	49%	18%	54%	67%	56%	50%
Debit cards (e.g. NETS)	21%	45%	17%	11%	15%	18%
Mobile wallet	9%	11%	12%	8%	9%	3%
Peer-to-peer (e.g. PayNow)	2%	2%	4%	2%	1%	3%
Bank transfer	0%	1%	1%	1%	1%	0%
Other	4%	4%	3%	1%	0%	1%

Question asked to: All respondents (n=1,737)

# Payment Preferences

If we turn to how they pay for *dining / food delivery*, we see some interesting trends when we break the results down by age groups. Similar to *groceries*, credit card usage drops considerably among 16 to 24 year olds. Instead, we see significant increases across debit cards and mobile wallets, as well as a small but statistically significant increase in peer-to-peer as a preferred payment method.

## How do you typically pay for Dining Out / Food Delivery? by AGE GROUPS

Answer	Overall	16 to 24	25 to 34	35 to 44	45 to 54	55 and above
Sample Size (N)	1,737	365	417	421	296	238
Cash	9%	9%	6%	8%	10%	18%
Credit cards	53%	20%	61%	65%	65%	54%
Debit cards (e.g. NETS)	17%	39%	14%	9%	10%	12%
Mobile wallet	13%	22%	13%	12%	10%	7%
Peer-to-peer (e.g. PayNow)	4%	6%	3%	3%	3%	4%
Bank transfer	0%	0%	0%	0%	0%	0%
Other	4%	3%	1%	1%	1%	0%

Question asked to: All respondents (n=1,737)

# Payment Preferences

Similarly, when we look at *retail shopping*, we see *debit cards* and *mobile payment* methods gain substantially as the preferred payment method among 16 to 24 year olds.

## How do you typically pay for Retail Shopping? by AGE GROUPS

Answer	Overall	16 to 24	25 to 34	35 to 44	45 to 54	55 and above
Sample Size (N)	1,737	365	417	421	296	238
Cash	8%	11%	6%	4%	10%	16%
Credit cards	57%	19%	66%	73%	66%	59%
Debit cards (e.g. NETS)	23%	50%	16%	13%	15%	19%
Mobile wallet	8%	10%	10%	7%	8%	2%
Peer-to-peer (e.g. PayNow)	2%	5%	2%	1%	0%	3%
Bank transfer	1%	3%	0%	1%	1%	0%
Other	1%	2%	0%	1%	0%	1%

Question asked to: All respondents (n=1,737)

# Key Takeaways

## The pandemic has accelerated Singapore's shift to mobile payments

Usage of mobile-based payment methods have increased over the course of the last 1.5 years. It is unlikely that pandemic-related adoption of these methods will decrease as markets begin to loosen Covid-19 restrictions.

## Promotions, rebates and rewards are key

When asked which factors motivate them to choose a specific payment method, promotions, rebates and rewards topped the list by a significant margin.

## Credit cards still dominate, but for how long?

Credit cards didn't lose any ground, in terms of weekly usage, pre-Covid-19 compared to today. However, hefty annual fees and interest payments are key deterrents for non-card users. Also, with some mobile payment platforms offering rewards on spending with little or no fees, cards may have a difficult road ahead.

## Mobile payments have a ways to go when it comes to big ticket purchases

When it comes to big ticket purchases, this is where credit cards still shine, as 59% stated they would prefer to use a card for such purchases. Mobile wallets ranked 4<sup>th</sup> on the list at only 4%. It appears that mobile payments are top-of-mind for smaller transactions, but this is likely to change as more providers offer better rewards and rebates on spending.

SECTION 7

# A Emerging Sector

# 19%

Of Singaporeans have tried a  
buy-now-pay-later service



# An Emerging Sector

## Buy-now-pay-later is on the rise, and it is growing fast

Buy-now-pay-later (BNPL) offerings aren't particularly new, as retailers and merchants have been offering pay-by-installment programs for years. However, in recent years, we've seen a boom in tech-enabled BNPL offerings that are typically mobile-first, and which integrate as a payment method across a wide range of brands, merchants, and retail platforms. These newer, tech-enabled BNPL providers usually offer similar mechanics, where a consumer can opt to check-out on an eCommerce site using BNPL and pay over the course of 3 to 5 monthly instalments, with zero interest. Some BNPL platforms also offer rewards and rebates programs for their users.

As the number of BNPL players in Singapore and the region has risen sharply over the last 2 years, so has the focus and scrutiny around such offerings. For example, in April 2021, the Monetary Authority of Singapore [vowed](#) to "[review] the appropriate regulatory approach" amid concerns of over-spending "among youth and impulsive buyers".

With the increased attention on this fast-growing sector, we wanted to take a deeper look into current usage, behaviour and attitudes in relation to BNPL.

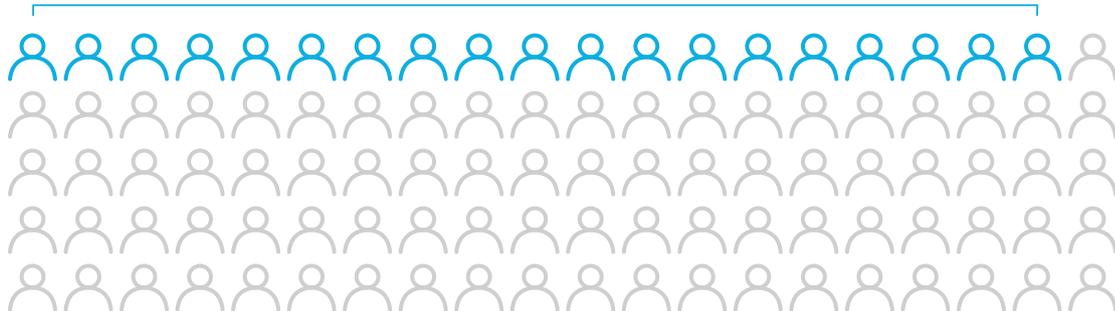


# An Emerging Sector

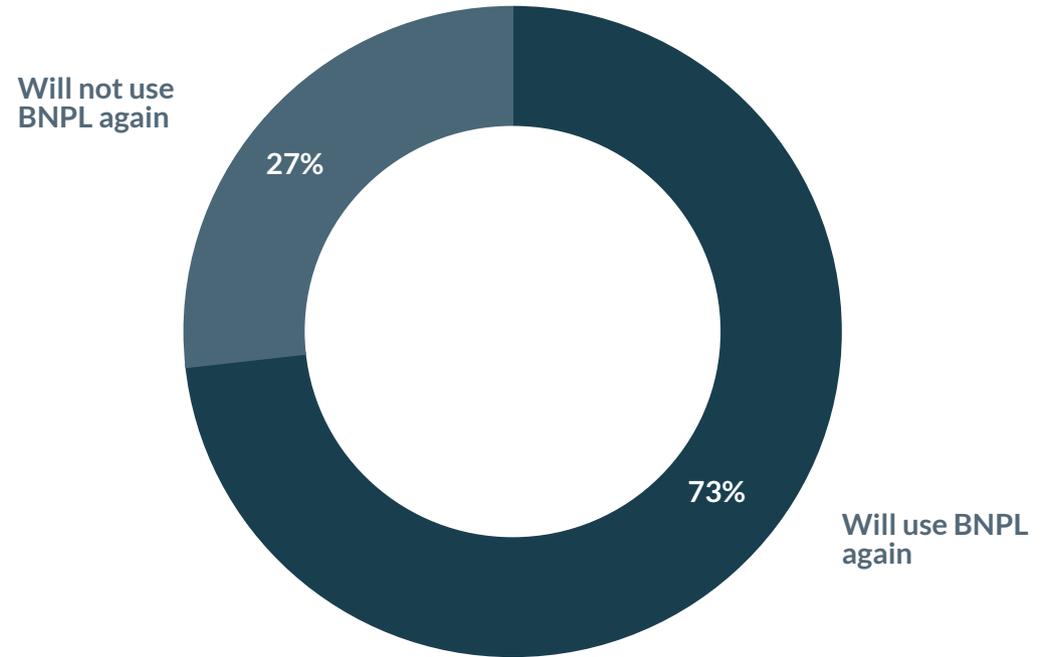
## Around 1 in 5 have tried BNPL so far

First, we asked Singaporeans if they've ever tried a BNPL service before and if they would try using such a service again in the future. Overall, we found that 19% of the adult population (aged 16 and above) reported trying a BNPL service. Among those who had, 73% said that they would continue using such a service in the future.

19%



Question asked to: All respondents (n=1,737)



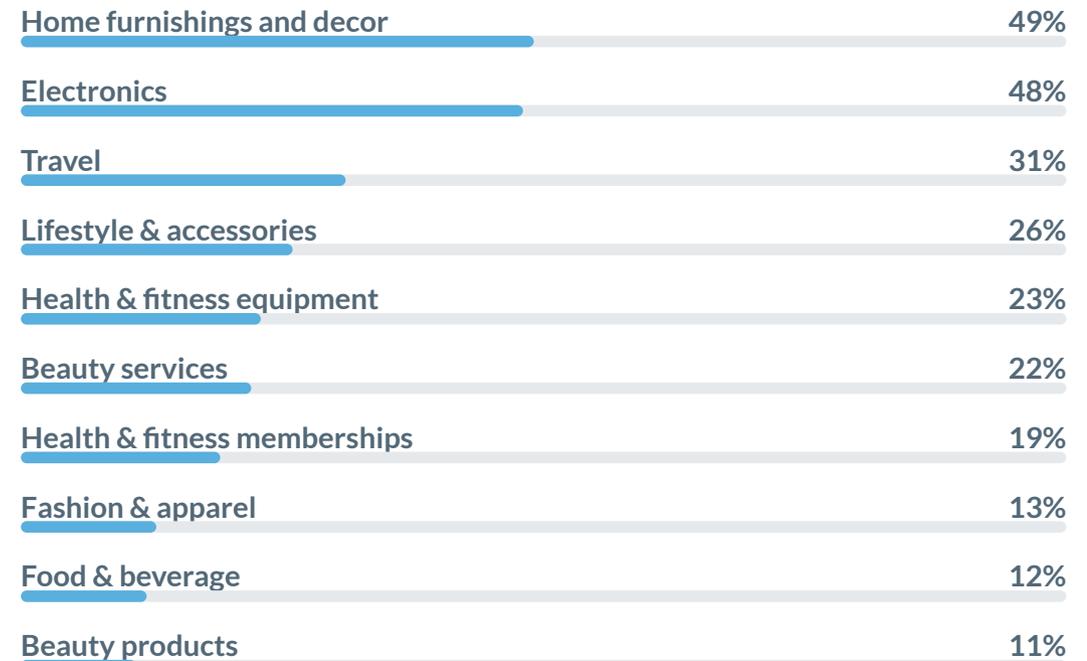
# An Emerging Sector

## Home furnishings and electronics are the top consideration categories for BNPL

When asked what types of purchases they would consider using a BNPL service for, *home furnishings* (49%) and *electronics* (48%) topped the list by a considerable margin. Travel-related purchases ranked 3rd, suggesting that there could be a strong market for travel in the BNPL space when borders start to open up after the pandemic.

The fact that the *electronics* category ranked high on the list is also interesting, particularly in the context of smartphones. Since some BNPL providers offer smartphone purchases through their platform, they could possibly emerge as an alternative to the traditional dichotomy of either paying a hefty price for a new smartphone all at once or the longstanding telco-subsidy-model that locks consumers into a contract for 2 to 3 years.

## What types of purchases would you consider using a buy-now-pay-later service for?



Question asked to: All respondents (n=1,737)

# An Emerging Sector

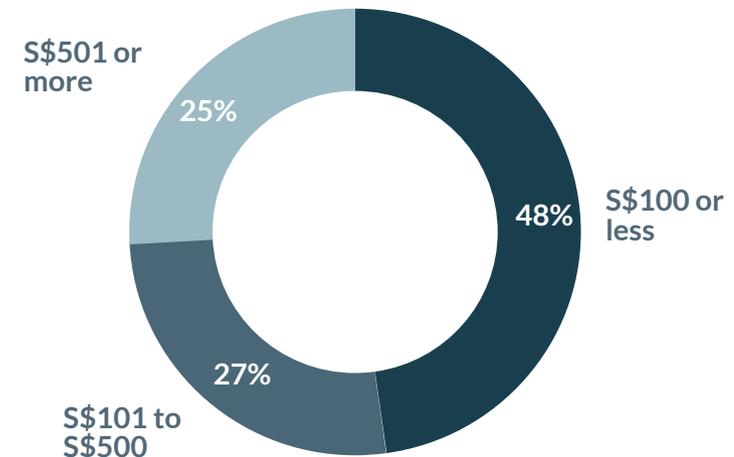
Thinking back to your recent purchases, what was the average amount per transaction (i.e. average basket size)?



Question asked to: Respondents who said they use BNPL (n=460)

## Almost half of BNPL purchases are S\$100 or less

Despite the top consideration categories (i.e. home furnishings and electronics) suggesting higher ticket sizes, average basket sizes for BNPL are actually quite varied. Overall, 48% of purchases are S\$100 or less, while 25% of purchases are S\$500 or more.

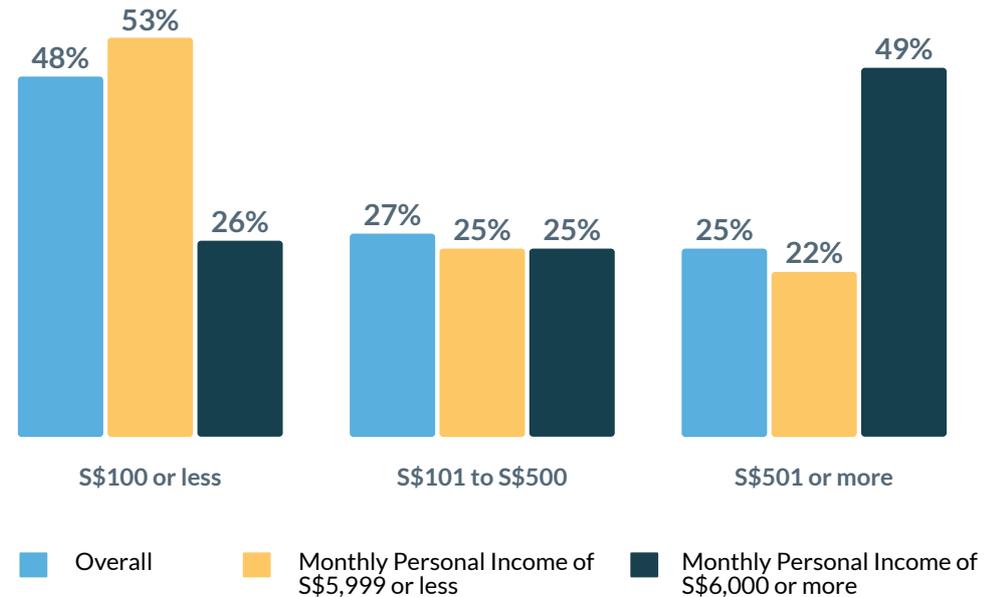


# An Emerging Sector

## Larger basket sizes correlate with higher income

Furthermore, if we look at the intersection of average basket size and monthly personal income, we found BNPL users who reported higher average ticket sizes were also statistically more likely to have a monthly personal income of at least S\$6K or more.

Average BNPL basket size by INCOME GROUPS (Monthly Personal Income)



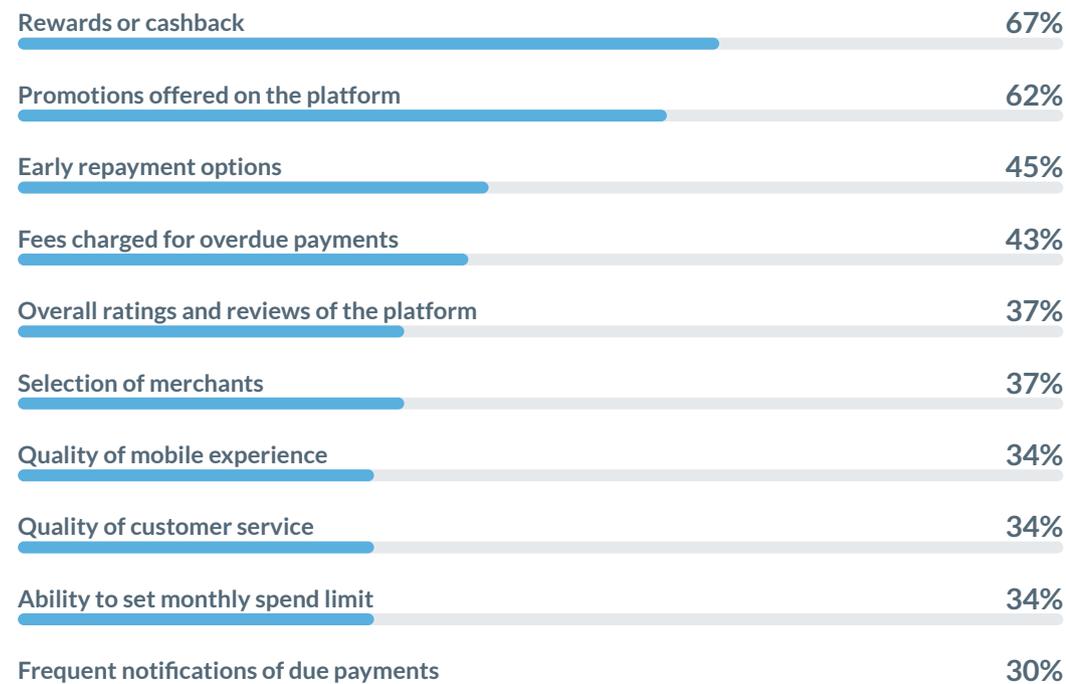
Question asked to: Respondents who said they use BNPL (n=460)

# An Emerging Sector

## Rewards and promotions are key drivers of BNPL

When asked what might make them consider using a BNPL service, rewards and promotions topped the list. These were the same key factors for Singaporeans when choosing a payment method in general.

### Top 10 Consideration Factors when choosing a BNPL service?



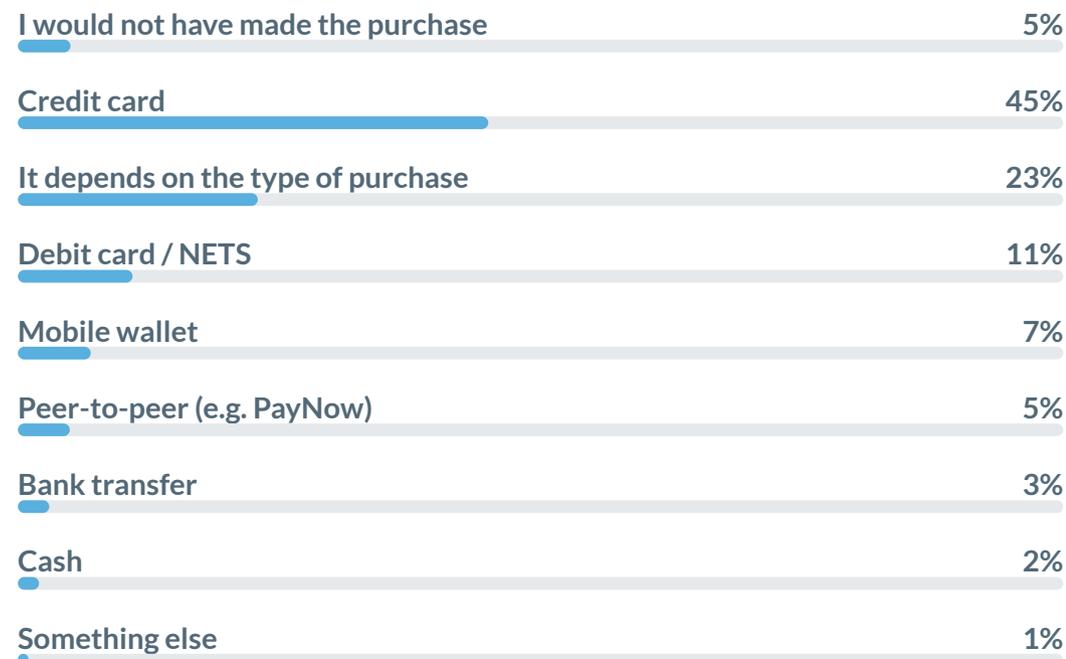
Question asked to: All respondents (n=1,737)

# An Emerging Sector

## Only 5% of BNPL purchases would not have happened without the service

We also wanted to understand whether BNPL was driving impulsive spending that consumers wouldn't be making otherwise. When BNPL users were asked if and how they would have paid for their last BNPL purchase if such a service wasn't available, only 5% stated that they would not have made the purchase at all, while 45% indicated they would have likely made the purchase using a credit card.

## If the BNPL service wasn't available what other method would you have used to make the purchase?



Question asked to: Respondents who said they use BNPL (n=460)

# Key Takeaways

## Gen Y are the biggest adopters of BNPL in Singapore so far

Generation Y, or Millennials, aged 25-40, are among the biggest users of BNPL services so far, as 30% of that cohort have used an BNPL service.

## Maximising spend and gaining rewards / rebates are key motivators to use BNPL

Rewards and promotions top the list of key reasons that motivate Singaporeans to use a BNPL service.

## Larger baskets sizes correlate with moderate to higher income earners

26% of BNPL users have used such a service for a purchase of S\$501 or more. But this increases significantly to 49%, among those who earn a personal monthly income of S\$6K or more.

## Only 5% of BNPL purchases would not have happened without the service

When asked how they would have made their last BNPL purchase if such a service didn't exist, 45% said credit cards, and only 5% stated they would not have made the purchase.

# Get in Touch

Whether you want to learn more about this report or the underlying dataset, or you want to learn about our innovative approach to collecting opinions at scale, don't hesitate to reach out to the Milieu team!

**Questions about this report?**

[reports@mili.eu](mailto:reports@mili.eu)

**Have a research project you want to discuss?**

[sales@mili.eu](mailto:sales@mili.eu)





# THANKS FOR READING

**Milieu Insight**

Big Picture Report: Payments

Singapore Report

Published July 2021

milieu