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Subject: (Embargoed) Speech by Minister Lim Boon Heng, 16 July 1999 at 10.45am

Singapore Government

PRESS RELEASE

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Speech by Mr Lim Boon Heng, Minister Without Portfolio and NTUC Secretary-General at the launch of Income-plus, at NTUC INCOME Centre, Conference Room, 7th Floor, on Friday, 16 July 1999 at 10.45am.

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E-commerce through the Internet is gaining speed around the world, much faster than previous technology. While it took radio 30 years to reach 60 million people and 15 years for television to achieve the same audience, it only took the Internet only three years to attract some 90 million users. The extensive reach of the Net is clearly illustrated by the fact that the number of Internet users world-wide doubles every year. By 2003, International Data estimated 510 million people will be online world-wide.

With the help of the Web, businesses are saving time and costs, and expanding their markets to all corners of the world. At the World Economic Forum in Davos last year, many business leaders predicted that 20% of their businesses would be transacted through e-commerce within the next five years. Forrester Research predicted that US\$1.4 trillion worth of goods and services would be transacted over the Internet by 2003 as compared to only US\$51 billion in 1998.

The trend is clear. The world of tomorrow will be an Internet-enabled one. More daily activities such as education, entertainment and shopping will be carried out using the Internet. To tap into the potential of a new growth market, businesses have to learn to market through this new channel and to conduct its transactions using e-commerce.

It is also becoming apparent now that service sector productivity which was difficult to achieve, can make quantum jumps. Some innovative companies have used the Internet as the platform for their business and reaped productivity gains in several elements of their operations. This is something we have to learn to do, or we will be left behind.

In preparation for the new challenges and opportunities of this information age, NTUC and its affiliated businesses have also been building up our capabilities in e-commerce. The NTUC Link smartcard has been issued with Netrust's Financial Services Certificate (FSC). With it, NTUC Link cardholders will be able to perform secure on-line transactions at Netrust-Ready websites. These include government service sites, electronic commerce and Internet banking sites. The identities of parties involved in any transaction are authenticated through the FSC. The 500,000 NTUC Link cardholders will be contributing to the national effort of making Singapore an e-commerce hub in the region.

NTUC INCOME and NTUC FairPrice have also been actively exploiting information technology to reach out to their customers. NTUC INCOME launched its website in November 1995. NTUC FairPrice launched its Cybermart in January 1998, bringing convenient, round-the-clock grocery shopping right to the key-board of its busy customers.

NTUC INCOME's website has proven to be highly successful. It now attracts about 2 million hits a month. Their top three attractions are the sports and gaming page, the insurance product information page and the special benefits information page. An average of 1,500 visitors log-on to this website each day to access its information and participate in its services. Some of these visitors are starting to buy the insurance products offered at the website or through the advice of the insurance agents that are listed on the website.

Today, I am pleased to launch a loyalty programme that will take NTUC INCOME through the next major phase of its e-commerce development. "Income-plus" is an innovative scheme that uses the core competence that NTUC INCOME has built up over the years, namely its strong information technology capability and its large customer base.

"Income-plus" is a loyalty programme that offers an attractive range of benefits to 150,000 qualified policyholders, with the potential to involve another 80,000. Under this scheme, eligible policyholders can enjoy the convenience of round-the-clock shopping for different types of products at one website, NTUC INCOME's. Several vendors have already signed up to be strategic partners of NTUC INCOME in this scheme. For a start, policyholders could purchase books, personal computers and groceries. I am sure that many other vendors will be interested to join this scheme to tap the large base of NTUC INCOME's policyholders.

These policyholders are also assured of the security and ease of payment for their purchases by paying through their standing GIRO arrangement with NTUC INCOME. Furthermore, policyholders can trust that NTUC INCOME is careful in choosing its partners in this scheme, and have signed on only vendors that are reliable and products that offer good value.

For its core business, NTUC INCOME has set a target to transact 20 percent of its insurance services through e-commerce by the year 2005. This goal is set with the support and enthusiasm of its agency force. These representatives will continue to play an important role under the new marketing environment. They will spend more time doing the higher value added work of advising customers on the most suitable insurance products that met their needs. They will be able to follow-up and service their customers more productively with the use of e-mail and e-commerce for a significant portion of the transactions. This increased productivity will eventually result in lower premiums to the customers.

I am pleased to officially launch the Income-plus Loyalty programme. Thank you.

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