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SPEECH BY MR LEE YOCK SUAN, AG MINISTER FOR LABOUR, AT THE LAUNCHING OF THE NATIONAL CAMPAIGN TO MINIMISE CASH TRANSACTIONS AT THE SINGAPORE CONFERENCE HALL ON THURS 14 MARCH 85 AT 11.30 A.M.

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Ladies and Gentlemen

Our banking and financial services are reputed to be among the best in the world. The commercial banks and the POSB have, together, a total of 350 banking offices offering a wide range of services. They also operate a network of 460 ATMs. A person can now carry out banking transactions via the telephone without having to step into the bank premises. Banking can be done in the comfort of the home.

2 Singaporeans have been quick to take advantage of some of these services. In a country with 2.5 million people, the banks and POSB have registered 3 million personal accounts. They have issued one million ATM cards, which is the equivalent of one card for every other person in Singapore above the age of 18 years. Furthermore, about 530,000 workers now use the banks for direct credit of their wages. This constitutes 51% of the 1.04 million paid workers, ie excluding the self-employed and the unpaid family workers. In 1984 alone, 116,000 workers switched over to bank payments.

3 However, the services provided by the banks and the POSB have yet to be fully exploited. Many workers, some half-a-million of them, are still receiving their wages in cash. About 40 million bills are paid mainly in cash each year to Government departments and statutory boards. In retail stores, practically all payments for purchases are made in cash. Such transactions are both cumbersome and time-consuming. Thousands of workers are involved in the tasks of collecting, counting, checking and recording cash. Security guards have to be employed. Singaporeans spend millions of man-hours a year queueing to collect their salaries, pay their bills, draw cash at bank counters, or bank in surplus cash.

4 In this age of electronic banking and cash management systems, there is no excuse for wasting the time of payers and payees alike. Wages paid direct into bank accounts can be used to pay regular bills automatically. Cash required for small purchases can be withdrawn at leisure from ATMs. We must exploit available technology to the full. We ought to adjust our way of life to take advantage of the conveniences of a modern city.

5 Understandably, some workers are reluctant to accept bank payment because of ignorance or genuine fear. They need to be given information and help in understanding the banking services so that they can appreciate the benefits of payment through banks and the GIRO system.

This campaign is thus aimed at informing and educating the public on the use of banking services. However some workers are reluctant to adjust from cash to bank payments because they feel it would inconvenience them. On the other hand, there are employers who do not show much concern for the problems of their workers when implementing cashless pay days. Instead of educating and assisting their workers to make the adjustment, these employers merely press the unions to agree to it, and then expect the unions to convince the workers. I wish to urge the employers and the unions to work together for the benefit of all concerned.

6 Steps are being taken to ensure that banking facilities will be adequate and within convenient reach of most Singaporeans. Since Jan 84, the banks and the POSB have invested about \$10 million in 119 new ATMs. More will be installed. The pay days of the public sector have been brought forward to the 12th of each month and pay days of private sector workers are also being staggered to spread out the demand on ATMs and other banking facilities. Singaporeans will have to adjust the timing and mode of cash withdrawals to suit their convenience, for example when they are out shopping and when there is no queue at the ATMs.

7 To further facilitate payment of wages through banks and the workers' use of the facilities, the following measures will be taken :

- . The banks and the POSB will look into the possibility of sharing ATMS.
- . The POSB will join the Interbank GIRO System on 1 Apr 85 to simplify interbank transactions.
- . Consideration will be given to changing the CPF rules to allow for computation of CPF contributions to be based on the pay cycle instead of the calendar month.

8 A substantial portion of the 40 million payments to Government could and should be made through GIRO and electronic fund transfers. This would save much time and effort for both payers and payees. It would enable Government to progressively close down some of the collection counters, thus conserving manpower and reducing cost. As an incentive, Government will consider an introductory rebate for regular bills paid through GIRO and other non-cash methods to attract more people to use these methods. Details of such a scheme are being worked out. The public need to be educated and convinced to switch to payments by GIRO.

9 In the retail trade, the banks and POSB are working out a system of electronic fund transfer at point-of-sale (EFTPOS). The pilot scheme is expected to be launched in Jun 85. The POSB has already launched a pilot point-of-sale system at the Singapore General Hospital. If it proves successful, the system will be expanded to cater for other public sector organisations where payments cannot be made through GIRO.

10 The widespread use of electronic fund transfer systems and the acceptance of cashless transactions would usher in a new era of comfort and convenience in banking and cash management services. We can look forward to the day when we could do our shopping, pay our bills, check our bank accounts and transfer funds from one account to another all in the comfort of our homes. This is not an illusive dream. It is already happening elsewhere. There are clear indications that it will happen here.

11 Ladies and gentlemen, it is my pleasure to launch the campaign to minimise cash transactions.