

DIGITAL SOLUTIONS:

DIGITAL PAYMENT SOLUTIONS FOR SMART AND INCLUSIVE CITIES

UNLOCKING EFFICIENCY AND SECURITY WITH SUSTAINABLE CASHLESS ECOSYSTEMS

OPPORTUNITY

Digital payment technologies are considered an enabler of smart city development. The pandemic served as an opportunity to highlight the various economic and social benefits, efficiencies, and conveniences that digital payments can bring to emerging smart cities across multiple sectors around the world. For citizens, digital payments provide convenience and time-savings in the realm of ride hailing and food delivery, utilities payment, e-commerce, financial services, travel booking and online media subscriptions. For businesses, benefits include higher sales, greater transparency, improved customer data analytics, and lower transactional costs.

Digital payments also make paying for and receiving public services more convenient, accessible, and inclusive especially when mobility is limited. It has been an important tool for efficiently disbursing much needed social assistance for citizens and subsidies for small businesses, and provides a convenient platform for government agencies to collect revenue such as taxes, fees, and other levies. As a result, government agencies have seen significant efficiency savings due to decreased dependency in paper-based payment instruments, and improvement in ease of living for citizens, and in business processes by entrepreneurs.

BENEFITS

- Increased government revenue collection due to the adoption of more efficient digital payment methods;
- Enhanced efficiency and transparency in financial transactions, and improved security by reducing dependency on cash payments;
- Improved end-to-end digital payment ecosystems for both collection of fees (such as utilities and taxes) and disbursement of government financial aid and benefits;
- Local governments obtain useful data about their constituents' needs, contributing to more informed and effective decision-making;
- Improved budget monitoring and expense tracking for citizens, businesses, and governments;

PRECONDITIONS

- Establishment and enforcement of sufficient national and local-level regulatory frameworks on digital payments/e-commerce;
- Digitization of existing records and establishment of reliable supporting utilities and IT infrastructure to enable and ensure the security of digital payment processing and transactions;
- Awareness of digital payment options among citizens and incentives to adopt e-payment solutions to improve business productivity and boost adoption rate of digital payments;
- Establish capacity of government employees involved in processing digital payment systems and transactions.



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KEY TAKEAWAYS ON ADOPTING DIGITAL PAYMENT SOLUTIONS

From the ASEAN Australia Smart Cities Webinar Series Part 9: Digital Payment Solutions for Smart and Inclusive Cities

- Key considerations for implementing digital payments include (a) support on the government side to implement such solutions; (b) continued cooperation between mobile operators, financial institutions, and service providers; and (c) ensuring ease of use and non-prohibitive transaction fees to encourage continued use of digital payments platforms.
- Adoption of mobile money requires significant investment around education, training and incentives to encourage the use of these platforms and overcome trust barriers.
- Importance of ensuring supporting frameworks and policies such as "Know-Your-Customer" (KYC) schemes do not exclude vulnerable groups in low-income populations who may not have access to required documents.
- Utility payments can be important drivers of digital/financial inclusion.

SCAN
CODE FOR
DIGITAL
VERSION



USE CASES



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Enabling real-time payments with the New Payments Platform

AUSTRALIA

AGENCIES INVOLVED

- [New Payments Platform Australia](#)

Australia's New Payments Platform was launched in 2018 as a result of an unprecedented industry collaboration effort between multiple financial institutions in the country. It established a common and secured open access infrastructure that enables citizens, businesses and government agencies to make and receive payments in near real-time. Transactions are processed 24/7, and includes more payment information which facilitates more efficient and automated transaction processing. It also offers a simpler way to direct payments based on a verified mobile number, email address, or Australian business number (ABN).

Since its launch in 2018, platform usage has been on an upward trend. Two months after the NPP's launch, the platform handled more than 5 million transactions with various financial institutions. As of March 2021, daily transaction volumes reaching more than 2 million. The platform's open-access infrastructure also makes it easier for financial institutions to innovate on top of its existing infrastructure to develop new consumer products, which encourages competition within the country's financial services sector.



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Shifting Singapore's Hawker centers to a more digital future

SINGAPORE

AGENCIES INVOLVED

- [Enterprise Singapore](#)
- [Infocomm Media Development Authority](#)
- [Housing and Development Board](#)
- [JTC Corporation](#)
- [National Environment Agency](#)

The Singapore government is leveraging digital tools to help its food services and retail enterprises safely operate beyond the COVID pandemic. They have successfully engaged hawker stallholders in adopting digital payments through its 'Hawkers Go Digital' programme, which aims to reach out to and encourage a total of 18,000 stallholders to adopt a unified e-payment solution by June 2021. The programme incentivizes e-payments by giving stallholders a financial incentive to participate in the program, as well as a S\$300 e-payment bonus for up to five months for every month that they complete at least 20 transactions. The government has also offered to cover transaction fees until 31 December 2023.

"The bonus complements the Government's efforts to help stallholders adopt e-payment solutions to improve their productivity and to encourage the sustained use of e-payment," the agencies said in a media release. As of January 2021, transaction volume has crossed the 1.2 million mark, generating around S\$14 million in transaction value, quadruple the amount compared to June 2020 when the programme first launched.

ABOUT THE ASEAN AUSTRALIA SMART CITIES TRUST FUND

The ASEAN Australia Smart Cities Trust Fund (AASCTF) assists ASEAN cities in enhancing their planning systems, service delivery, and financial management by developing and testing appropriate digital solutions and systems. Digital solutions address vital cross-cutting themes such as social inclusiveness, gender equity & women's empowerment, climate change & environmental sustainability, and public-private partnerships. By working with cities, AASCTF facilitates their transformation to become more livable, resilient, and inclusive, while in the process identifying scalable best practices to be replicated across cities in Asia and the Pacific.



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