

# EN ROUTE TO A CASHLESS FUTURE

They say that cash is king, but it seems that newer, more convenient payment methods are vying for the crown.

By Bernie Yeo

Standing in line at the local fast food joint, a customer today could witness two or three different payment methods in the brief few minutes before they reach the counter.

Sure, the crisp rustle of paper money and the jingle of coins in your pocket might make an appearance from time to time, but a quick tap of a mobile transaction system or the swipe of a credit card seems to be more common these days.

Needless to say, the growing popularity of tap-and-go transactions, mobile banking and electronic fund transfer and mobile payment platforms such as AliPay and Apple Wallet have done nothing but hasten the march towards the much-discussed "cashless society".

## Embracing New Modes of Payment

With the world heading towards becoming a cashless society, the past years have borne witness to an increase in the integration of new payment technologies in businesses.

"The traditional banking and payment landscape

is undergoing one of its most disruptive phases in its long history," says David Link, Executive Chairman and CEO of Verency, a highly innovative fintech firm that focuses on enabling major financial institutions to rapidly and cost-effectively drive significant innovation via their existing payments technologies and network.

The company recently signed an agreement with UnionPay International (UPI), a wholly owned subsidiary of China UnionPay (CUP), to offer Verency's innovative value-added services to Union Pay's issuing banks across Asia. As such, its services will be delivered via the UPI Wallet, Union Pay's innovative API services.

"New payment methods and rapidly advancing technologies combined with often fragile legacy systems means that banks are in a state of flux. They know they need to embrace change but are struggling to compete against an avalanche of new players and are paralysed by a myriad of technology options at their disposal," Link



David Link

## vcash



### What is It?

A fintech solution offered by Digi in partnership with Valyou Sdn Bhd, an e-money issuer authorised by Bank Negara Malaysia (BNM), and is now available on the Google Play Store or Apple App Store for free.

### How It Works

To use vcash, simply download the app, set up and deposit money into their account, scan the merchant's QR code and input the payable amount to make payment. All transactions are completed with a six-digit PIN or fingerprint authorisation. To deposit money into the vcash app, consumers can either walk into a Digi store to deposit cash over the counter, or through online banking via FPX or JomPAY.

A definite advantage of vcash is the fact that consumers do not have to be a Digi subscriber to enjoy the conveniences. It is open to everyone who owns a smartphone, and it works with any bank, any telco and any smartphone. The beauty of the e-Wallet is that it is a payment option even for Malaysians who do not have a bank account. This is important as it means providing accessibility to youths and the unbanked who deal commonly with cash.

### Key Benefits for Businesses

- With vcash, businesses reap the immediate benefit of knowing their customers better. With access to analytics, they have a helicopter view of their business, enabling them to leverage customers' spending behaviour and track returning customers.
- vcash is a customisable solution that suits all business types and sizes. It can work with zero integration, in which vcash is treated as a cash transaction and a replacement of physical cash. It can also be integrated into a merchant's POS system, which allows for vcash transactions to be customised according to the merchant's needs.
- vcash is the easiest e-Wallet that enables mobile payments with 500 touchpoints available for vcash payments, and a possible 20,000 online merchants from their MOLPay and iPay88 partnerships.

continues.

Furthermore, the competition is now more intense than ever with a growing number of fintechs and established tech players circling to pick up the most profitable financial products and services, leaving traditional banks to fight over those that are less profitable. Their margins are shrinking and transparency is increasing, and their ability to cross-subsidise products and services is diminishing – all of which is putting strain on longstanding operating models.

"This is where Verrency comes in with our services to remove the challenges of payment innovation for banks. Verrency's robust infrastructure and ground-breaking automation demonstrably reduces deployment time, deployment risks, and operational risks – critical when dealing with payments on the issuing side," says Link.

### The Road Ahead

To embrace the digital economy, Bank Negara Malaysia (BNM) has taken various steps to enhance the e-payment platform, thereby pushing the country one step closer towards becoming a cashless society.



(Source: Malay Mail Online)

Among them is the waiver of the instant waiver fee of 50 sen for up to RM5,000 per transaction by individuals and small medium enterprises (SMEs), as announced by BNM Governor Tan Sri Muhammad Ibrahim recently. The cheque fee, however, have been increased from 50 sen to RM1, starting from the beginning of the year, to reflect the higher processing cost.

"The soaring digital economy will need an e-payment method which is a critical component that could increase productivity and be more cost-efficient," he said during the Payment System Forum and Exhibition

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Since 2009, the industry has invested RM893mil to enhance the e-payment infrastructure and will invest a further RM346mil to expand the point-of-sale (POS) terminal network and RM40mil to develop the

real-time retail payment platform.

Muhammad also says that the payment technology had become more advanced, scalable and low cost, which benefits merchants directly, as their operations cost was lowered by the using quick response code (QR Code).

"Most Malaysians are likely to carry both a debit card and mobile phones, and as of now, there are 45.4 million debit cards and 42.8 million mobile phone subscriptions. We need to take advantage of and optimise this medium," he adds.

Praveen Rajan, Chief Digital Officer, Digi echoes this sentiment, noting that in order to propel the country towards becoming a cashless society, the financial industry as a whole need to work together to educate consumers and merchants.

"Our real competition here is cash and our goal is to displace the usage of cumbersome, risky, and costly cash. Most people do not realise that there is a cost to handle cash: to count, store, transport, and then bank.

"With more than RM85.46bil cash-in-circulation, we have the opportunity to present a simpler, more elegant, more progressive, and risk-free solution for payments and transactions by adopting the cashless route." **SI**

## Samsung Pay



### What is It?

Samsung Pay is simple, safe and available almost anywhere, where users can swipe or tap their cards to make payment. This offers Samsung customers more value to enhance their experience with Samsung products and services and, ultimately, make their day-to-day lives a little more convenient.

### Key Benefits

- Convenience – Users can enjoy benefits, receive returns and anticipate exciting promotions from Samsung Pay.
- Safe – Each transaction uses a digital token instead of your personal payment information. Since payments are authorised with your biometrics or PIN, Samsung Pay adds a level of security to users' payment information that physical cards do not have.
- A faster, easier shopping experience – With Samsung Pay, users have the added convenience of having their payment cards in one place. When it's time to pay, simply swipe up, and authenticate with biometrics (fingerprint or iris scan) or PIN.
- Can be used almost anywhere – Samsung Pay's main features are its proprietary MST technology and its NFC payment capability which allows it to work with most of the existing card

### Compatible Devices

Samsung Pay uses proprietary Magnetic Secure Transmission (MST) and Near Field Communication (NFC) to make contactless mobile payments. MST and NFC enables the Galaxy Note8, Galaxy Note Fan Edition, Galaxy S8, Galaxy S8+, Galaxy S7 Edge, Galaxy S7, Galaxy Note5, Galaxy S6 Edge+, Galaxy A8(2018), Galaxy A8+(2018), Galaxy A7 (2017), Galaxy A5 (2017), Galaxy A7 (2016), Galaxy A5 (2016), Galaxy A9 Pro, Gear S3 and Gear Sport to make secure transactions with nearly every payment terminal in the world.