

The Consumer

A publication of the Consumers Association of Singapore

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President's Message



Dear Friends,

Many consumers are understandably concerned about the impact of sustained inflationary pressures and the recent increase in the Goods & Services Tax (GST) on our livelihood.

In this issue, we look into how global inflationary pressures and GST hikes are affecting Singaporeans. We also examine the initiatives that the government and businesses has launched to help consumers through this period.

In their article, Credit Bureau Singapore provides practical advice on how you can manage your spending to counter inflation, especially in day-to-day living and household expenses such as utilities, food, transport and healthcare.

Against the growing popularity of "Buy Now, Pay Later" (BNPL) schemes, we bring you through four questions that you should ask yourself in evaluating whether BNPL schemes are suitable for you. We also give some suggestions on how consumers can use such services responsibly without getting into debt.

As more countries re-open their borders and ease COVID-19 restrictions, more consumers are travelling overseas for leisure and work. We dive into what you should look out for when travelling in the post-COVID era. For the more eco-conscious, learn about the different ways you can travel sustainably on your next vacation.

Finally, we examine some of the risks of online shopping, and explain how the new CaseTrust Accreditation Scheme for E-Businesses can give you peace of mind when transacting with online merchants.

I hope this issue of The Consumer will provide you with insightful tips to get through these challenging times.

Melvin Yong

President
Consumers Association of Singapore

What Can Consumers Do About Rising Prices?

Rising cost of living has been a major concern for many consumers. What can they do to tide through these challenging times?

Zane Ang, Executive, Marketing & Communications Department

Global inflationary pressures

Due to Singapore's resource constraints, we import the majority of our essentials such as food and energy. We are therefore susceptible to inflationary pressures resulting from disruptions to the global supply chain, such as the protracted war in Ukraine, which has led to the rising cost of living for consumers.

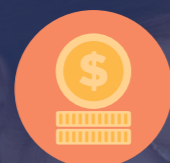
Singapore's core inflation, which is an indicator measuring the rate of general consumer price increases excluding accommodation and private transport costs, has hit multiple all-time highs since 2022. From December 2022 to January 2023, and staying steady in February 2023, year-on-year core inflation rose from 5.1% to 5.5%, the highest in 14 years.

GST increase

The recent increase in the Goods and Services Tax (GST) from 7% to 8% and the planned increase to a further 9% in 2024 seem to have further exacerbated consumers' concerns on cost of living.

First introduced at 3% in 1994 as part of a government reform to shift taxes from an income-based model to a consumption-based one to boost Singapore's competitiveness internationally, the GST has allowed Singapore to sustain economic growth and create a level playing field for businesses.

The government has now positioned the two-step GST increase as necessary to help meet Singapore's expanding healthcare, education and security needs.



While it may be necessary to raise the GST to meet these needs, its impact on cost of living for consumers cannot be ignored.

That said, there are a few things that consumers can do to tide through these challenging times or at least adapt and thrive in the meanwhile.

Check if you are eligible for government support

To support Singaporeans during these challenging times and to cushion the impact of the GST increase on consumers, the government announced enhancements to the Assurance Package (AP) and the permanent GST Voucher (GSTV) scheme in Budget 2023. Collectively, the support given is intended to defray various essential expenses including food, groceries, utilities, healthcare and education.

According to Deputy Prime Minister and Minister for Finance Lawrence Wong, these enhancements are designed to cover at least five years of additional GST expenses for most Singaporean households or about 10 years for lower-income households.

Consumers should check if they are eligible for various schemes and take these schemes into account when planning their expenses. Consumers should also find out the conditions of such schemes and whether any action is required on their part to redeem or utilise the support.

Consumers who require more support may approach their nearest Social Service Office.



Patronise businesses that are committed to keep prices affordable



Beyond government support, several businesses in Singapore are also doing their part to help consumers mitigate the impact of rising prices and the GST increase.

Leading supermarket chains in Singapore such as Giant and FairPrice have announced plans to absorb the GST increase for 700 and 500 essential products respectively for the first half of 2023 on top of their existing schemes.

Popular furniture store Ikea has also committed to absorb the GST increase while reviewing how they can continue to keep prices "as low as possible" for their customers.

Consumers who are concerned about the impact of rising prices and the GST increase can consider patronising these businesses to defray their expenses and stretch their hard-earned dollar. Every dollar saved will be a dollar that they can keep for the future.

Compare prices and stretch your dollar



To help consumers compare prices and make informed purchasing decisions when they shop for daily essentials and cooked food, CASE launched mobile application Price Kaki in 2019.

In 2022, against the backdrop of global inflationary pressures and the impending GST hike, CASE stepped up its efforts to expand the value proposition of Price Kaki. CASE worked with leading supermarkets and coffee shop and food court operators to increase the items available for comparison. Price Kaki now carries more than 10,000 daily essentials and 37,000 cooked food and beverage items sold in more than 380 locations islandwide.

Consumers looking to stretch their dollar when shopping for daily essentials and cooked food can download Price Kaki from Apple App Store, Google Play and HuaWei AppGallery.

But price comparison alone is not enough if manufacturers and retailers maintain product prices while reducing packaging quantities. "Shrinkflation", a practice employed by manufacturers and retailers to reduce packaging quantities while maintaining product prices, is becoming more common, usually at the expense of consumers.

To combat this, CASE called on the government to introduce mandatory unit pricing at supermarkets and grocery stores, where the price of the product per unit of measurement, such as per kilogram, is displayed alongside the actual retail price.

As part of CASE's commitment to price transparency, we have implemented the display of unit pricing for more than 1,200 grocery items on Price Kaki since 1 January 2023. CASE will progressively expand unit pricing on the application to more than 6,000 items by the third quarter of 2023.

Instead of being "held hostage" by rising prices, consumers can inculcate good shopping habits such as doing research and comparing prices to stretch their dollar. Beyond Price Kaki, there are many other third-party aggregator applications or websites available in the marketplace that would help consumers compare prices for items such as insurance, electricity and healthcare.

Consumers hold the power to choose



Global inflationary pressures and rising prices are hard to arrest. But it does not mean there is nothing that consumers can do and simply resign to fate. Ultimately, consumers hold the power to choose and make the most of their purchasing power by tapping on available government support, patronising businesses that are committed to keeping prices affordable and inculcating good shopping habits to make informed purchasing decisions.



Every dollar saved will be a dollar consumers can keep for the future.

Planning Your Post Pandemic Vacation

Zane Ang, Executive, Marketing & Communications Department



With the easing of travel restrictions around the world and pent-up demand for travel after two years of COVID-19 restrictions, the number of outbound departures for Singapore Residents in 2022 has been increasing significantly, according to the Singapore Department of Statistics (DOS). Singapore reopened its borders to all fully vaccinated travellers from 1 April 2022. Since then, based on the latest update by DOS, outbound travel increased from 231,568 monthly outbound travellers in April 2022 to 1,000,880 in December 2022.



While we are all eager to resume our overseas travel, it is worthwhile to take a step back and consider what the new norm is when going abroad. There are some things that a traveller has to be prepared for before traveling abroad in this post-pandemic period.

Here are some tips for you to be mindful of when traveling during this post-pandemic period.

Make sure your travel insurance includes COVID-19 coverage

Having travel insurance is absolutely necessary. Other than the regular travel insurance that travellers get, do take note to include coverage for trip cancellation or postponement due to COVID-19.

Don't forget travel essentials like hand sanitisers

There are some essentials that you should bring along when travelling such as hand sanitisers, wet wipes and masks. While these items may be widely available, it's advisable to purchase them in advance to avoid finding yourself in an inconvenient situation without them when abroad.

Additionally, do bring along a few Antigen Rapid Test (ART) kits in case you are unwell and need to self-test.

Standby proof of your vaccination or test results

By now, most Singaporeans would have received two doses of the COVID-19 vaccine. Some countries require travellers to show proof that they received their primary course of a COVID-19 approved vaccination or booster within a certain time frame.

As the requirements differ from country to country, check the entry requirements of your destination country.

You can retrieve your vaccination or test records using your SingPass credentials on the Notarise webpage at notarise.gov.sg.

Refer to the Ministry of Foreign Affairs (MFA) website or contact the immigration authority or embassy of the destination country/region for the most up-to-date travel advisories.

The new travelling norm

These are just some of the pointers to take note of when going abroad during the post-pandemic period. Try to adapt and keep up with these changes because there's a possibility that they will last and become permanent. Take time to understand these tips and your overseas holiday should go smoothly.

Five Ways To Be A Sustainable Traveller

Gareth Yeo, Team Leader, Marketing & Communications Department

"Sustainable tourism" is becoming a buzzword these days among travellers, especially younger consumers who tend to be more conscious of how their actions can affect the environment.

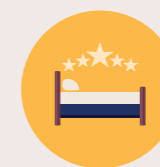
But what exactly is sustainable tourism?

According to Global Sustainable Tourism Council (GSTC), an independent and neutral non-profit organisation that manages standards for sustainability in tourism based in the United States, sustainable tourism is a way of traveling and exploring a destination while respecting its culture, environment and people. The three key aspects of sustainable tourism are employing environmentally-friendly practices, protecting nature, wildlife and cultural heritage and providing economic benefits for local communities.

If you like the idea of being a sustainable traveller, here are some tips on how to do so.

01

Stay at eco-friendly hotels



Hotels use a massive amount of energy in their daily operations. Things such as lighting, thermal insulation and laundry equipment use a lot of energy. To conserve resources and save the environment, choose to stay in an eco-friendly hotel if one is available at your destination.

A hotel that is dedicated to sustainability typically has a sustainability policy posted on its website.

Eco-friendly hotels usually use non-disposable dishes in their restaurants to reduce waste. They also use non-toxic chemicals for general cleaning. In addition, eco-friendly hotels provide recycling bins in their lobbies and guest rooms to help reduce the amount of waste sent to landfills and incinerators.

02

Choose public transportation



Upon arriving at your hotel, head down to the nearest tourist office to learn about public transportation options to get to various attractions. By using public buses and subways, you can help reduce energy usage and the amount of pollutants released into the environment.

If you really need a taxi, consider using ride-sharing apps. These apps allow you to split your ride with other travellers in the same direction of travel. While it may take a little longer to get to your destination, it will help you save money and minimise air pollution.



03

Take care of wildlife



In many countries, products such as bags and fur coats are made from animals which have been illegally hunted or trafficked. Take a stand against these practices by refusing to buy from shops which sell such wildlife products.

In addition, do your research by reading visitor reviews or travel websites. Avoid visiting facilities where animals are visibly injured or are forced to participate in activities that could injure them or cause them pain. Also avoid facilities where animal enclosures aren't cleaned regularly.

04

Reduce plastic waste



Plastic is a difficult material to recycle. Most of the plastic we use ends up in a landfill or an incinerator.

To help protect the environment, bring along a recyclable bag when you go shopping instead of using the store's plastic bags. Also, remember to bring your own water bottle instead of purchasing plastic water bottles when you are out and about. In addition, choose to use your own metal straw instead of a plastic straw when dining out.

These small efforts will go a long way towards reducing waste and creating a cleaner environment for everyone.



05

Eat local, shop local



Make a conscious effort to support the local economy by buying locally made crafts and souvenirs, eating at local restaurants and booking local tours. Your spending will help sustain livelihoods, create jobs and develop infrastructure in the community. Tourist dollars are especially important for rural communities which depend on such revenue to survive.

The power to choose

The growth of budget airlines over the last decade has made travelling more affordable and accessible for many people around the world. According to the United Nations World Tourism Organization (UNWTO), international tourist arrivals are forecast to reach 1.8 billion by 2030.

As global tourism grows, it becomes ever more important that we take care of the destinations we travel to, so that we can preserve and protect these places for future generations.



As consumers, we have the power to choose to travel more sustainably and leave the destination a little better than before our visit.

What Are Property Agents Not Allowed To Do

Council for Estate Agencies (CEA)

Whether you have engaged the services of a property agent before or are engaging the services of a property agent for the first time for your property transaction, this article will highlight some strict no-nos that your property agent should not be doing when he represents you in your property transaction.

Property agents cannot dual-represent

Dual representation is a situation where your agent represents and collects commission from both parties in the same property transaction. This creates a conflict of interest as it is not possible for your agent to act in the best interests of both parties.

Dual representation is an offence under the Estate Agents Act 2010 and the agent can be charged in Court for such actions.

If you are buying a property, your agent should not be representing you and the seller at the same time and collecting commission from you and the seller. As a buyer, you want to pay the lowest possible price for the property you are interested in while the seller wants to sell it at the highest possible price. If the agent represents both parties, someone's interest will not be served.

Similarly, for rental transactions, an agent cannot represent and collect commission from the landlord and tenant in the same property rental transaction as it is dual representation.

However, your agent can help the other party in the property transaction with the paperwork as long as your consent has been obtained and it is clear to all parties that your agent is not acting for and not collecting a fee from the other party.



Property agents should not advertise without your consent

When advertising your property, your agent has to abide by the Council for Estate Agencies [CEA]'s guidelines to protect your interest and fulfil his duty to you.

Before advertising your property, your agent must seek your prior consent if you are the owner or landlord of the property. Other guidelines to note include:

- Before publishing any advertisement, reasonable care and steps have been taken by the agent to verify important property information that is stated in the advertisement, such as lease term and floor area of the property.
- Your agent has to ensure that his advertisements do not contain any false or misleading information, including the selling or rental price that you are seeking for your property.
- The advertisements should not contain words or phrases that are against your interest, such as 'no co-broke', 'no agents' or 'buyers pay commission', as these phrases will reduce the number of enquiries on your property from interested parties who are represented by another agent.

Property agents should not handle monies relating to property transactions

It is better to handle transaction monies yourself than to ask your agent for a favour. In fact, property agencies and agents are prohibited from handling transaction monies for or on behalf of any party in the sale or purchase of any property situated in Singapore and the lease of a Housing & Development Board [HDB] property. This regulation is to protect consumers' interests.

Transaction monies include but are not limited to those below:

- For a transaction relating to the sale and purchase of a property, transaction monies include option fee, downpayment, stamp duties, deposits and sales proceeds.
- For a transaction relating to the lease of a HDB property, transaction monies include rental deposits and monthly rentals.

Valuation fees and commission are not considered transaction monies.

You should also use verifiable payment modes such as crossed cheques and bank transfers when making payments to the other party in the transaction.

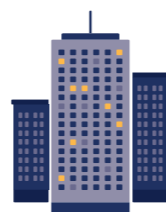
Property agents should not refer you to a moneylender

Under the Estate Agents Act, property agencies and agents are not allowed to refer you to any moneylender, licensed or unlicensed, or receive any fee or payment or other benefit from any moneylender relating to moneylending transactions.

Your agent is also not supposed to:

- Divulge your personal data to unauthorised parties, including moneylenders.
- Accept any referral from moneylenders to sell debtors' properties.
- Abet unlicensed moneylenders in their criminal activities.

Property agents should not hide any conflict of interest



Conflicts of interest in a property transaction can arise when your agent is personally or professionally connected with the other party or the property agent or both. For example, such a situation could arise if the potential buyer is a family member of the agent who is representing you to sell your property. Another example is when your property agent receives payments from another party because your agent recommended the party's service to you.

Your property agent must provide written disclosure of any conflict of interest and seek your written agreement to represent you.



For more consumer articles by CEA, scan the QR code or visit cea.gov.sg/consumers/educational-materials/articles-of-interest

In a Nutshell

6 Important Functional Checks When Purchasing A Pre-Owned Car

There is always a risk when purchasing a pre-owned car, even if you are a knowledgeable car enthusiast. Here are some important functional checks you can do before you accept the car.



Car lightings

Ensure all headlights, taillights and indicators are functioning properly. Determine whether the brightness of the light is appropriate.



Air-conditioning

Test the air-conditioning for a prolonged period to see if it remains cold. If not, please point this out to the car dealer.



In-Vehicle Unit (IU)

Insert a CashCard to ensure the IU is able to read and detect the value.



Windscreen wiper

Test the windscreen wiper at different speeds to check that there is no abnormal sound.



Side windows

Ensure the side windows are able to wind up and down without any abnormal sounds.



Horn

Test that the horn is working and the volume is loud enough.

To guide consumers in the purchase of pre-owned cars, CASE developed the Standard and Functional Evaluation (SAFE) Checklist. You can find out more about the SAFE Checklist on the CASE website.

Consumer Happenings

CASE Partners' Appreciation Lunch

300 guests from the government, trade associations, unions and cooperatives, the media, businesses and volunteers attended the CASE Partners' Appreciation Lunch on 6 December 2022. The event was also held in conjunction with CASE's fundraising efforts for the CASE Endowment Fund where more than \$120,000 was raised. Ms Low Yen Ling, Minister of State, Ministry of Trade and Industry graced the event.

In his speech, Mr Melvin Yong, President, CASE reviewed CASE's milestones in 2022, and announced CASE's plans for 2023. He also touched on how the consumer landscape had evolved over the last two years, and how CASE would continue to stay relevant to protect consumers' interests.



CASE President Melvin Yong addressing the audience at the CASE Partners' Appreciation Lunch



Ms Low Yen Ling, Minister of State, Ministry of Trade and Industry and Mr Melvin Yong, President, CASE with partners at the CASE Partners' Appreciation Lunch

Inaugural Price Kaki Workshop

On 14 November 2022, CASE organised the inaugural Price Kaki workshop at Radin Mas Community Club. Mr Tan Kiat How, Senior Minister of State, Ministry of Communications and Information graced the event.

At the event, CASE announced a collaboration with the Infocomm Development Authority of Singapore (IMDA) through its SG Digital Office (SDO) to train and guide seniors to compare prices of daily essentials and cooked food.

Under the partnership, seniors can approach SDO ambassadors at more than 40 SG Digital community hubs across Singapore to learn how to stretch their dollar and make informed purchasing decisions.



Mr Tan Kiat How, Senior Minister of State, Ministry of Communications and Information and Mr Melvin Yong, President, CASE with participants of the inaugural Price Kaki workshop

CASE Volunteers' Appreciation Lunch

CASE held an appreciation lunch for its volunteers at HUONE Singapore on 17 December 2022. The event was attended by more than 50 passionate volunteers, who serve in various capacities such as committee members and mediators for CASE.

During the event, Mr Melvin Yong, President, CASE presented the volunteers with Long Service Awards for their contribution and dedication towards the consumer movement in Singapore.

The volunteers were also treated to a sumptuous buffet lunch as well as song performances by Singapore busker Jason Yu.



Group photo with volunteers at CASE Volunteers' Appreciation Lunch



Consumer Issues & Solutions



Dear CASE,

I paid \$288 for a single burner stove from a hardware store, after confirming with the store that the model has low flame function which I require to boil medication. However, when the stove was installed, I discovered that it was unable to generate a low flame. When I approached the store with a video recording of the flame and to ask for an exchange, my request was denied. How can I seek an exchange or refund?

Mrs Ho

Dear Mrs Ho,

Under Part 3 of the Consumer Protection (Fair Trading) Act, also colloquially known as the Lemon Law, if goods are found not to conform to contract within six months of delivery, consumers can request for a repair or replacement of the goods. If a repair or replacement of the goods is impossible or if the cost of repair or replacement is disproportionate, consumers may ask for a reduction in price or a rescission of the contract for refund.

You may approach CASE for assistance to negotiate for an amicable resolution.

Dear CASE,

I purchased a Smart TV for \$3,199 from a reputable electronics retailer. I added an extended warranty for the TV by paying an additional \$415.87. The TV's panel broke down within the five-year extended warranty period. However, the retailer advised that they were unable to repair the TV, as the required component was no longer in production.

The retailer offered to refund me in vouchers. I disagree with the form of compensation, as I had paid cash for the TV. What can I do to get back a full cash refund for the extended warranty?

David

Dear David,

Extended warranties are usually offered by retailers to provide additional coverage over the warranties offered by manufacturers. Under such circumstances, the retailer would either undertake the repair or bear the repair cost with the manufacturer or authorised agent. However, the retailer may not have sight of when the manufacturer would cease the production of a particular component. Consumers are advised to go through the terms and conditions of the extended warranty carefully and consider if it is suitable for their needs before purchasing them.

Considering that the product has been used for a period of time, it may not be reasonable to request a full refund. However, you may wish to negotiate with the retailer for a partial refund.

We want to hear from you!

Have a story to share?
Email it to editorial@case.org.sg
[max. 200 words]

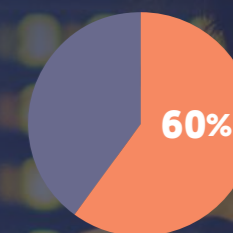


Travelling With Peace Of Mind In A Post-COVID Era

Singapore Tourism Board

Since the onset of the COVID-19 pandemic, travel insurance has become more essential than ever to protect ourselves against financial losses due to unforeseen circumstances during travel.

According to general insurance company MSIG's survey¹ of 400 Singaporeans aged 18 to 69, who were asked about their sentiments regarding post-pandemic travel, 60% said they were planning trips. Of these, 82% indicated they would buy travel insurance for their vacation.



60% of Singaporeans aged 18 to 69 are planning post-pandemic travel

Why buy travel insurance?

Travel insurance generally covers three areas:

01

Protection for you

- ✔ Medical expenses incurred overseas, including treatment for COVID-19
- ✔ Emergency medical evacuation
- ✔ Accidental death and permanent disablement

02

Protection for your belongings

- ✔ Loss or damage to baggage
- ✔ Loss of passport, travel documents and theft of money
- ✔ Loss or damage to specialised equipment such as golf or ski equipment

03

Protection for your experiences

- ✔ Trip cancellation, including cancellation due to contracting COVID-19
- ✔ Baggage and travel delay
- ✔ Insolvency of licensed travel agents*

*Do check if the travel policy you are purchasing insures against insolvency of the travel agent from whom you have purchased your travel product. For more details of travel agents licensed with the Singapore Tourism Board (STB), please access trust.stb.gov.sg > Directory > Travel Agents.

¹ MSIG survey reveals that 3 in 5 Singaporeans plan to travel in 2022. [msig.com.sg/corporate-news/msig-survey-reveals-3-5-singaporeans-plan-travel-2022](https://www.msig.com.sg/corporate-news/msig-survey-reveals-3-5-singaporeans-plan-travel-2022)



What you must know before purchasing travel insurance



You are recommended to purchase travel insurance as soon as you have planned your trip. Before purchasing any policy, it is important to:

- ✔ Always read and understand the terms and conditions such as the limits of claims and the steps required to make a claim.
- ✔ Be aware of the type of exclusions, if any. For example, some policies may require you to pay extra for pre-existing health conditions or high-risk activities such as skiing.
- ✔ Consider the entire duration of your trip which includes flights to and from your destination, not just for the days you are on vacation at your destination.

Where can you get travel insurance?



Travel agents licensed by STB are required by law to:

- ✔ Ask you, as the customer, to consider buying travel insurance that includes coverage for each traveller in the group against failure or disruption in the provision of the travel product arising from travel agent insolvency.
- ✔ Inform you of one or more insurers from whom you may purchase travel insurance.

Travellers can choose to purchase travel products either directly from the travel agent or other service providers.

STB strongly encourages all travellers to purchase travel insurance for a peace of mind, knowing that you and your travel companions are protected against financial losses due to unforeseen circumstances.

The information provided does not constitute advice of any kind, nor is it an endorsement of any insurer or insurance product. Please contact an insurer or travel agent for more details on the policies offered.



Singapore Co-operative Movement's First Credit Sector Forum Sees Co-ops Pick Up Emerging Financial Trends

Sng Ler Jun, Senior Finance Strategist, Singapore National Co-operative Federation

This article first appeared on September 2022 Issue: Co-operator Newsletter Quarterly Issue 2022 produced by the Singapore National Co-operative Federation (SNCF).



On 23 August 2022, the Singapore National Co-operative Federation (SNCF) organised the Credit Sector Forum 2022. As part of the forum, SNCF organised a panel discussion on Buy Now, Pay Later (BNPL) services involving Mr Arvin Singh, chief executive and co-founder of BNPL service provider hoolah and the in-charge for financial services at shopping and rewards platform ShopBack. Mr Linus Ng, Member, CASE Central Committee and Chairperson, CASE Consumer Education Committee was part of the panel as well.

"Time and again, co-operatives have shown resilience and responded positively to the needs of our members." These are the opening remarks of Mr Yeo Chun Fing, first deputy chairman for SNCF, at the Co-operative Movement's inaugural Credit Sector Forum.

Taking place at Andaz Hotel Singapore on a rainy Tuesday afternoon in late August, some 70 representatives from various credit co-operatives in Singapore, alongside colleagues from the Registry of Co-operatives Society (RCS), attended the welcoming get-together. Organised by SNCF, the apex body for co-operatives in Singapore, the forum sought to help the credit sector keep track of industry trends in the finance sector and discuss insightful strategies that benefit them.

For the uninitiated, credit co-operatives are amongst the pioneering batch of co-operatives set up in Singapore; the first co-operative was established before World War II, in 1925.

Mr Yeo, who is also the sector chairperson, representing the co-operatives in the credit sector, congratulated several credit co-operatives who will be celebrating their 100th anniversaries in the coming years. "Having gone through World War II and countless other challenges, including COVID-19, this is quite telling of the strength and resilience of the credit sector," he said. "It is this sign of resilience that benefitted communities."



“Buy Now, Pay Later” – Helping people shop responsibly

The federation invited Mr Arvin Singh, chief executive and co-founder of Buy Now, Pay Later (BNPL) service provider hoolah and the in-charge for financial services at shopping and rewards platform ShopBack, to elaborate on the allure of the BNPL service. The financial service, which allows users to split payments into equal segments without needing to pay any interest, has helped consumers make discretionary purchases. It gained popularity during the pandemic when many shoppers had to resort to online means to purchase the things they need. According to FIS' Global Payments Report 2022, BNPL is projected to see a 40% compounded annual growth rate in Singapore, through to 2025.

According to Mr Singh, Gen Zs, millennials and gig economy workers are popular purveyors of BNPL services. Cash-strapped consumers have commented that bills are now much easier to stomach with such a flexible payment plan, while banks have lamented about a generational shift away from the use of credit cards to make transactions today. Mr Singh added: “BNPL helps consumers, especially gig workers, manage cashflow.”

Merchants, who adopted BNPL services into their shops, also stand to benefit from BNPL services. Coupled with the occasional huge marketing campaigns that target the youth demographic, Mr Singh cited that bigger basket sizes and increased conversions draw companies to utilise BNPL services. “We charge a transaction fee to merchants who adopt BNPL services,” he said. “We make it easy for shoppers to sign up to use it.”



CASE cautioned that as a result of a false perception of increased purchasing power, consumers utilising BNPL services may spend beyond their means or make impulsive purchases.

Co-op members should be educated: CASE

Mr Linus Ng, chairperson of the Consumer Education Committee at the Consumers Association of Singapore (CASE), urged co-operatives to educate their members on the hidden risks of using BNPL services. Since younger customers are more receptive to this financial service, they may fall prey to the dangerous illusion that purchases are cheaper than they really are.

In an article posted on their website earlier on 24 June 2022, CASE cautioned that as a result of a false perception of increased purchasing power, consumers utilising BNPL services may spend beyond their means or make impulsive purchases. This comes after CASE received 18 complaints in 1½ years involving BNPL service providers. The complaints include technical issues with payments and inability of consumers to seek refunds.

The consumer watchdog has called for more protection for BNPL users. In the same article, CASE suggested BNPL service providers to regulate advertisements, set mandatory ceilings for people with poor credit ratings and provide clear resource avenues for dispute resolutions.

Whether through roadshows in malls or ad spaces in crowded train stations, BNPL service providers are known to invest huge marketing dollars to increase brand awareness and encourage sign-ups. Mr Ng, who is a corporate lawyer, said that “seamless and frictionless sign-ups” may result in complacent behaviours amongst BNPL users. “Some of them fail to read the fine print attached to the flyers and posters,” he said. “Consumers may not know that they will be liable for late or penalty fees should they default on their monthly instalments.”

Addressing some of the misconceptions of BNPL services, Mr Singh explained how checks and balances have been put in place to ensure consumers are able to afford payments. For instance, most BNPL services require a minimum age to sign up. “We actively ensure users do not overuse or exploit BNPL services,” he reassured. “We reject transactions that are moving in the wrong direction and drive forward financial education to our consumers.”

Are youths even more vulnerable?

When compared to traditional credit cards that come with higher interests, BNPL services are a world apart. Mr Ng posited that the lower barriers to entry may be one of the reasons youths are receptive to BNPL services. “The minimum age to sign up for most BNPL services is 18 years old,” he said. “Individuals don’t even need to have a minimum income to sign up too.”

The younger and tech-savvy generation would also come to appreciate the convenience BNPL services provide. Many of whom cite that the new-fangled financial service has helped them make big-ticket purchases, such as celebrity-endorsed makeup or even the newest tech hauls, without needing to shell up the entire cost upfront.

Breaking up the cost thus gives rise to the perception that a product costs “lesser” even though the debt is “delayed”, said Mr Ng. He is, however, quick to add: “Debt may not necessarily be bad. There are many instances where people take on debt to finance their practical needs such as renovation, home or university loans.”

The consumer watchdog urged consumers to be better informed of the risk of creating a cycle of debt from short-term BNPL debts (which may spur consumers to take on a personal loan to offset the short-term debts and in doing so, incur heavier debts). Mr Ng said: “Debt would only become an issue when we do not manage it properly.”

The best of both worlds

But should credit co-operatives feel threatened from the fintech disruptor? “Yes, and no,” Mr Yeo said, explaining that competition between credit co-operatives and BNPL services exists because both services help consumers afford the things they need. “There is some form of competition but of course, there is still some hope.”

Today, credit co-operatives around the world have leveraged technology and tech solutions, such as digital wallets and contactless payment, to better serve their

members. The same can be said for BNPL services, which have helped organisations to streamline money management; credit co-ops can consider exploring the business viability and feasibility of adoption of BNPL services in a bid to future-proof themselves.

“Local co-operatives can certainly tap on the technology and infrastructure that BNPL service providers utilise,” Mr Ng said. “However, as co-ops are membership-based enterprises that operate primarily to benefit the greater society through consumer or credit services, they may not have the resources to leverage technology and infrastructure unlike businesses which are generally profit-driven and commercial.”

“But for those who default, they can consider joining our credit co-operatives as members to help them out,” Mr Yeo laughed.

How can credit co-ops educate their members

Below are some suggestions from CASE for credit co-operatives to take home and share with their members:

- ✔ Keep track on what your expenses are and be aware of the risks of defaulting or making late payment. Consumers should be well-informed about non-payment terms such as late fees and accrual of interest on a debt.
- ✔ Be open to other sources of financing options such as credit cards or personal loans. With an integrated repository of BNPL-related spending data in consumers’ credit rating, consumers can gain a better understanding of their financial situation before choosing to use a service.
- ✔ Ensure you have sufficient cashflow to manage the repayment of debt.
- ✔ Reading the fine print and understanding the terms and conditions before stepping into a BNPL agreement. As BNPL services are often marketed as a point-of-sale payment method, there may be miscellaneous fees that are not fully disclosed.

Understanding BUY NOW, PAY LATER

Vincent Liam, Executive, Marketing & Communications Department

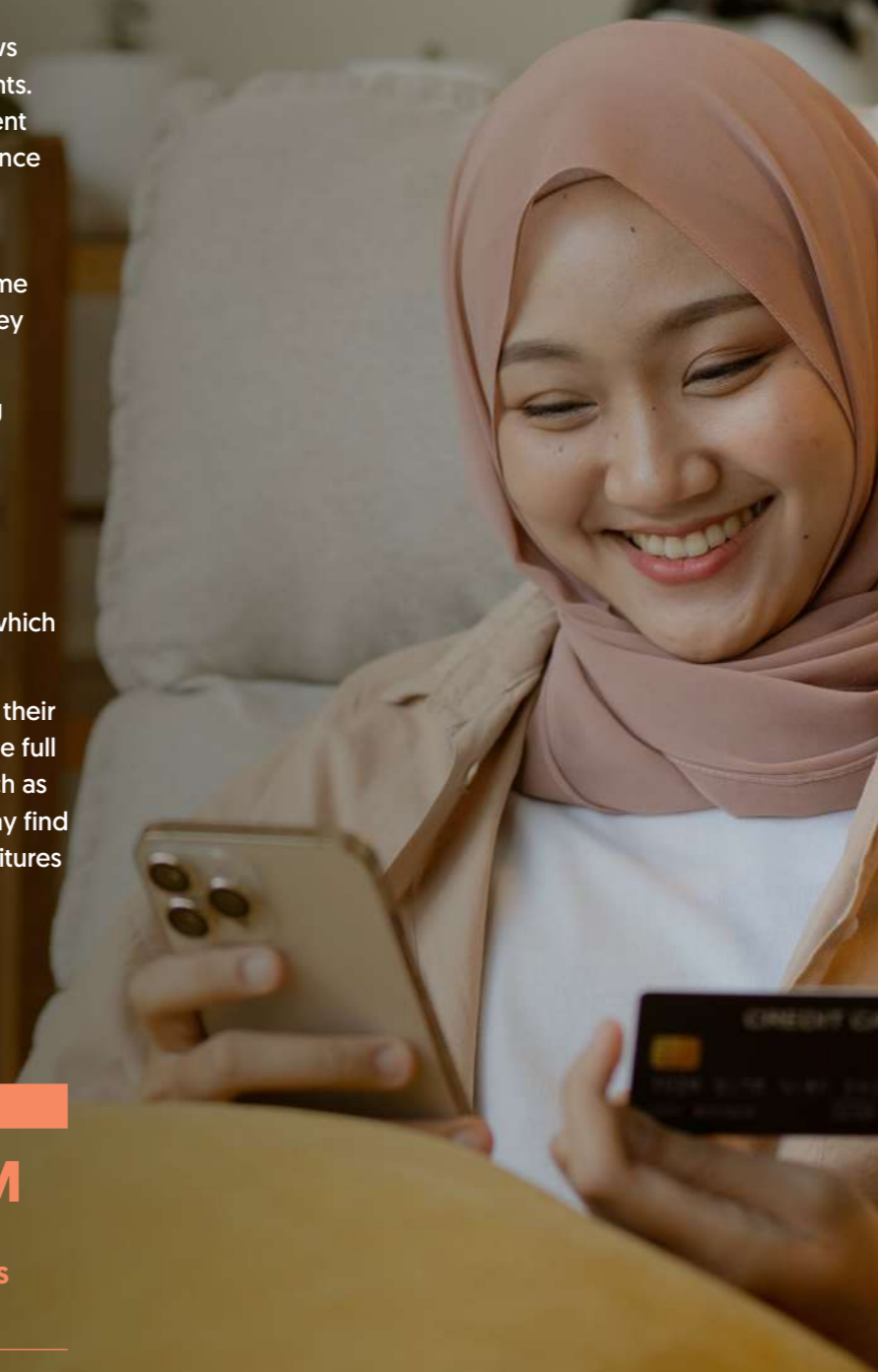
“Buy Now, Pay Later” (BNPL) is a scheme that allows consumers to pay for their purchases via instalments. Consumers typically make a partial upfront payment toward the purchase, then pay the remaining balance off in a pre-determined number of instalments over time.

BNPL schemes offered by different companies come with slightly different terms and conditions, but they generally operate as follows:

- ✔ Consumer makes a purchase at a participating retailer and opts for BNPL
- ✔ Once approved, consumer makes a partial upfront payment
- ✔ Consumer signs an agreement to pay off the remaining amount via a series of instalments which are usually interest-free

The key benefit of BNPL is that consumers can get their hands on their purchases without having to pay the full amount upfront. Certain groups of consumers, such as those in low-income households and students, may find BNPL useful in helping them manage their expenditures as they will be able to spread out the cost of the item over a few months so that they will not be as financially strained.

2021	2023
\$440M amount of BNPL transactions in Singapore	\$1,270.4M projection of BNPL transactions in Singapore



Growth in BNPL payments

In recent years, BNPL has started to gain traction in Singapore and more Singaporeans are enticed by the cashback rewards and other promotions offered by businesses offering BNPL.

According to Minister of State for Trade and Industry, Alvin Tan, BNPL transactions in Singapore amounted to S\$440 million in 2021, and BNPL schemes are projected to grow by 20.6% annually to reach US\$1,270.4 million in 2023.

A major driver of BNPL growth is the rise in e-commerce transactions. With e-commerce purchases becoming more common, many businesses offering BNPL have tied up with e-commerce platforms to offer BNPL payment solutions.

Be aware of the risks

Although there are benefits to using BNPL, as consumers, we need to be aware of the risks as well. The easy access to BNPL may lead consumers to spend beyond their means, due to a false perception of increased purchasing power. Other risks include:

Unsustainable debt

Due to the accessibility and convenience of BNPL, consumers may accumulate too many debts at once, more than what they can repay.

Late fees

Businesses offering BNPL may charge late fees which will accrue if the consumer is not able to or does not make the monthly repayments on time.

Interest payments

If the consumer makes repayments using a credit card and subsequently does not pay the credit card debt in full, interest charges on the credit card will accumulate for a BNPL transaction that was supposed to be “interest free”.



Should you take up BNPL?



Here are some questions to ask yourself before taking up BNPL:

Do you really need the item?

This should be the first question to run through your mind when thinking of using BNPL. Although wants are important, it is important to prioritise basic needs. In the case of wants, it would be a good idea to consider saving towards them as opposed to using BNPL.

Can you afford the item?

Before buying the item, ask yourself if the purchase will strain your finances. If you are unable to pay it in cash and the monthly BNPL instalment would strain your budget, this implies that the item is not affordable.

Is there an alternative?

Perhaps you are looking at the latest model for an electronic appliance to replace the old faulty one. But the latest model is extremely expensive and out of your budget. Consider getting something more affordable, such as an older model or a used product.

Can you pay the instalments on time?

If you cannot stick to the agreed payment timeline, late payment fees will add up over time. You could end up paying a lot more at the end of the payment cycle compared to the original cost of the item.



BNPL can be a useful tool, but only if you know how to use it responsibly.

Common Mistakes Made When Refinancing Property Loan

Daniel Tan, Guest Writer

A home loan typically spans a few decades and adds up to a few hundred thousand in repayment amount. For most people, a home is usually their largest investment.

Ironically, many homeowners take more time to find the ideal colour for their walls than to research for a suitable home loan.

In this article, I will share some of the common mistakes homeowners make when choosing a home loan.

Not shopping around for the best rate

It is crucial to look around for the best deal because even a minor difference in interest rates can result in a homeowner spending significantly more over time to repay the home loan.

For instance, taking up \$500,000 loan spanning 30 years at an interest rate of 1.35% per annum versus \$500,000 loan spanning 30 years at an interest rate of 1.45% per annum will save you a total of \$15,000 in interest payable.

Despite the significant difference, many homeowners tend to not spend time doing the necessary research. Instead, they will just make enquiries from a handful of banks they are familiar with or take up a loan recommended by other homeowners. These homeowners fail to consider the fact that interest rates fluctuate daily and that, depending on the date and borrower profile, the rate offered to other homeowners may not apply to them.

\$15,000
interest saved by
taking a \$500,000
loan at an interest rate
of 1.35% p.a. instead of
1.45% p.a. over 30 years

Not comparing apple to apple

The monthly instalment on a home loan with a 30-year repayment is lower than the same home loan with a 15-year repayment because you are spreading it out over a longer period.

One deceptive tactic a salesperson may use is to convince you to refinance over a longer period of time. As a result, the monthly payment on a new home loan with a 30-year repayment period will appear lower than the one on an existing home loan with a 15-year repayment period because you are spreading a smaller amount over a longer period of time.

At times, this is unavoidable and there are instances where some people will take a new home loan with a longer repayment period, as they have lost their job and are unable to keep up with the monthly installments. Before you lock yourself into a long-term loan, remember that a job loss is not permanent, and things can get better. A personal loan can be an effective stop gap measure if you are confident of getting a job soon.

To get your attention, some banks will advertise home loan packages with low first-year interest rates. However, it can be higher after the second year. Make sure you don't get overly excited and calculate the true cost of the loan in its entire tenure.

Be aware that home loans are amortised loans, whereby monthly repayments in the first few years goes towards paying off the interest and not the principal. This is unlike business and personal loans which are equal payment loans, whereby repayment in the first few years goes toward both the interest and principal.

Hence, you cannot assume that if you have been paying the home loan for half of its tenure, the outstanding principal is halved. To avoid refinancing for more money than you anticipated, always be sure the calculation is done using the right outstanding principal and interest to be paid.

Failing to consider all fees

Property owners frequently make the error of quickly switching to a new home loan with a lower interest rate without carefully reviewing the terms and conditions of both their old and new loans.

A banker or broker might occasionally be excited to highlight how much less you might be spending each month based on this information but overlook to mention other costs like appraisal and legal expenses. To get the full picture of your monthly installment payments, make sure you take all factors into account.

Lastly, a bank can give you a competitive rate in exchange for a lengthier commitment. If you decide on a fixed-rate loan and anticipate that interest rates will rise in the future without refinancing anytime soon, this could work in your favor. However, you might not be able to benefit from a decrease in interest rates during the lock-in period and would instead have to continue paying the higher interest rate.



Property owners frequently make the error of quickly switching to a new home loan with a lower interest rate without carefully reviewing the terms and conditions of both their old and new loans.

About Daniel Tan

Daniel Tan is the CEO of FindTheLoan.com, an online platform for consumer to compare, quote and contact various banks and borrowers directly for loan deals.

How Can You Manage Your Spending To Counter Inflation?

Credit Bureau Singapore

Sustained inflationary pressure and the increase in Goods & Services Tax (GST) have been on the minds of many Singaporeans. In this unavoidable situation, there is no easier way to counter the effects of inflation than through practicing prudence and maximising our cash flow. Being prudent is more than just switching brands or cutting down on your daily expenses. This article will give you more insights on some of the cost-saving tips that you can consider to help tide you through the storm.

The most important steps to finance management is to identify where and how you spend your money, sort these expenses into Essential and Non-Essential categories and find alternative ways to cut down spending in each category.

Essential expenses are expenses that are important to carry out your day-to-day life or necessities to maintain the daily operation of a household. Here are some examples you can follow:

01 Household & utilities



Choose energy-saving household appliances or more durable products so you do not have to spend more in the future to replace faulty or worn out household items. A direct and simple method to cost-saving would be to reduce power consumption at home such as switching off the power source when not in use or using the fan instead of the air conditioner.

02 Food



Convenience often comes with a price, especially food delivery services. Most consumers might not notice but often the prices that we are paying through food delivery services are mark-up prices as compared to buying it directly from the vendor. Date nights does not always have to be high-end restaurants and fancy cafes. Whip up your own meals and save on paying for the additional 10% service charge. When shopping for groceries, if you use a credit card to pay, use a credit card that rewards you with cash rebates or other savings. Some marts even have membership programmes that allow you to earn loyalty points which can be exchanged for special perks or grocery vouchers.

03 Transport



With the increase in fuel prices, the prices for private hires have been skyrocketing. Owning a car in Singapore would mean that you will incur additional costs such as paying for car insurance, road tax, Certificate of Entitlement (COE), carpark charges and more. Recent improvements in public transport systems in Singapore have made travelling around the island even more convenient and easy. Cultivate a habit of leaving your home slightly earlier to cater for the extra travelling time.

04

Healthcare & insurance



Insurance plans are like safety nets which will help you pay for medical emergencies, hospitalisation or medical care in the future. Do a review on all your current insurance policies and make sure that you are not under- or over-covered. Reviewing your insurance policies can help to reduce the chances of you being a victim of mis-selling and overpaying for the same or equal coverage.

05

Savings and debts



Do your due diligence and ensure that you pay up all your bills on time so that they do not accumulate into bad debts. Aside from settling your debts and bills, it is important to also save a part of your monthly income so you can have a sum of money to fall back on should something unexpected happen.

Non-essential expenses are things that you can either substitute or choose to live without:

01

Material goods



Some common examples are clothing, appliances and cars. Chasing the latest trends often come with a hefty price unless you are financially capable to sustain this lifestyle in the long term. Where possible, avoid buying luxury items and spend within your budget plan. A simple method would be to switch brand to something less exorbitant yet keeps you equally satisfied.

03

Travelling plans



Look out for travel deals or promotions that will make every penny count. Avoid travelling during peak seasons or to popular tourist destinations as the price of hotels and plane tickets tend to surge when there is high tourist demand. Instead, book your itinerary tickets in advance or travel during off-peak seasons to save that extra dollar. You should also consider adding on travel insurance so that you can be rightfully protected should something unexpected happen during your trip.

02

Entertainment & recreation



You do not need to spend big bucks to enjoy fun and quality times together with your loved ones. Organising an outdoor hike, a simple BBQ picnic or visiting a museum are also fun ideas without having to worry about blowing your budget.

The suggestions above are just some of the many simple and easy ways that you can counter inflation through managing our own finances. It is also important to cultivate a good habit of financial accountability and understand the importance of prudence so that you do not overspend on your budget and in return, damage your credit reputation.

Tired Of Online Purchase Woes?



We hear you. CaseTrust now accredits E-businesses for better consumer protection.

Adita Tian Permata Sari & Muhammad Farhan, CaseTrust Department

“ I made a purchase online and the item that I received is totally different from the advertisement.

“ I have a few items not delivered and it is hard for me to get through to the seller.

“ The product I bought online was defective. The online store’s customer service was not helpful and I can’t get my money back.

These are some common grievances that consumers face. When expectations are not met, we can be left feeling trapped and frustrated. Driven by these emotions, we turn to giving nasty reviews on the merchant’s portal. Some resort to detailing the unpleasant experience with the errant online seller on their social media pages, and others seek help from the Consumers Association of Singapore (CASE).

CASE received 4,253 complaints pertaining to online purchases in the last two years. The complaints were related to failure to honour, refund issues and defective or non-conforming goods. While we try our best to educate consumers to shop safely online, some still fall prey to dishonest merchants lurking behind screens.

An area for concern is dark patterns, which are marketing tactics used by e-commerce platforms intended to trick consumers from buying things that they otherwise would not. Take drip pricing for example, it is a common pricing technique where goods or services are presented at a low price to attract consumers. The real price when one

clicks out could be a far cry from the advertised price. Other examples of dark patterns include misleading claims that create a false sense of urgency in consumers to make an immediate purchase, and pre-ticked boxes that will make unsuspecting consumers pay more than what they need.

Despite these complaints, online shopping has become the way of life for many consumers. Window-shopping can now be done comfortably on the sofa and consumers can choose from a myriad of products and services online, because of the growing trend of online shopping coupled with low barriers of entry for merchants to sell online. With so many e-retailers to choose from, consumers may turn to product reviews or word-of-mouth recommendations which can be unreliable at times. Consumers have little access to reliable information to make decisions before transacting purchases.

Owing to the above, we see a need to give consumers greater assurance when they shop online.

The Technical Reference 76 (TR76), Singapore’s first national standard on guidelines for e-commerce transactions, was adopted to cultivate best practices for online intermediaries such as e-retailers.

Introducing the new CaseTrust Accreditation Scheme for E-Businesses

CASE collaborated with Nanyang Polytechnic’s Singapore Institute of Retail Studies (NYP-SIRS) to develop the CaseTrust Accreditation Scheme for E-Businesses.

In developing the accreditation requirements, extensive research was carried out to study best practices for e-commerce transactions in the local and overseas jurisdictions. The Technical Reference 76 (TR76), Singapore’s first national standard on guidelines for e-commerce transactions, was adopted to cultivate best practices for online intermediaries such as e-retailers. It covers the entire spectrum of e-commerce transactions, including anti-scam measures.

The new scheme focuses on consumers’ touchpoints from pre-sale to post-sale.

CaseTrust will also require the online merchants to disclose their identity and contact information to facilitate dispute resolution in the event of dispute.

By having a verified list of trustworthy e-businesses, CASE is working towards raising the level of professionalism in this industry to better protect consumers shopping online.

E-businesses who have passed the audit will be given the CaseTrust logo to display on their online store, so consumers can easily identify them as trusted sellers.

How to apply for this scheme?

E-businesses that are committed to fair and transparent business practices may visit the CaseTrust website at case.org.sg/casetrust or email: casetrust@case.org.sg for more details.

To guide e-businesses to attain CaseTrust accreditation, NYP-SIRS has developed a one-day workshop to give businesses an overview of what the accreditation scheme entails and the corresponding assessment criteria. This will commence in Q2 2023. In addition to this, businesses can also sign up for a one-on-one mentorship programme to help them close gaps in their consumer experience and apply for the accreditation. For more information about the training programmes, you can approach NYP-SIRS via email at: upskill@sirs.edu.sg.

Scan the QR code to visit the CaseTrust website or email us at casestrust@case.org.sg for more details.



In The Next Issue

Against the challenging economic climate, consumers are becoming cautious about how they spend. In the next issue, find out what consumers complained about in 2022 and how to avoid consumer disputes in those sectors.

Fancy a booster shot to protect your purchases?

Enjoy better protection when shopping with companies that display the CaseTrust mark.

CaseTrust accredited businesses are assessed by CASE for good business practices.

Some CaseTrust schemes require companies to offer complimentary protection for their customers on such things as deposits paid to renovation contractors and the unused value of beauty packages.



Find the list of CaseTrust accredited companies



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* Delete where inapplicable