

# Future Trends Project Work

## Written report

**Title:** Our World 5 years from now

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**Group Number:** 10-14

Written Report:

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## **What are some CHALLENGES for money changers?**

### **1. Lack of Customers**

Many money changers suffer a great loss of revenue due to the lack of the number of customers, which is most likely due to the lack of travel between countries. In a *Straits Times* article, *Ms Nadzimah Haleem*, who has been working at her father's money changer, was interviewed. They used to have about 400 to 500 customers a day, but now they only have around 20 customers. This is definitely not enough to cover the rental, hence they had to close down.

Furthermore, *V S A Omar*, the president of the *Singapore Money Changers Association* says that the current customer base is not enough for the whole market to sustain. Thus, many money changers have to close down.

**Reference:**

[Money changers hit hard by pandemic, with 12 closing for good](#)  
[Money changers on the brink due to COVID-19 | Video](#)

### **2. Ineligible for Government Support**

Some money changers would not be able to continue having a valid license by the *MAS (Monetary Authority of Singapore)* and be eligible for the *IRAS (Inland Revenue Authority of Singapore)*'s *JSS (Job Support Scheme)*. This is because in order to keep the license by *MAS*, one has to pay an annual license fee of \$1500. "Every day when *Mr Oli Mohamed* opens his money-changing shop in *Bukit Batok*, he hopes to at least make enough to cover expenses. But there are days when he doesn't even have a single transaction. On other days, he sees a gross profit of just \$2 or \$3." To get an estimate of their income for a year with this situation, they can only earn up to \$1095/year. (This may not be all their source of income, but it shows that they are not earning much during this pandemic)

According to the source, Money changers must also derive  $\frac{2}{3}$  of their income from money changing services.

**Reference:**

[Specific Industries in Tiers and SSIC Codes](#)

[Money changers hit hard by pandemic, with 12 closing for good](#)

[Money-Changing Licence](#)

### **3. Lack of Digital/Online Solutions**

Most money changers have not started to explore digital solutions, even the *Money Exchangers Association of Singapore* is just beginning to explore Financial Technology by creating an app to help money exchangers according to an interview of *Oli Mohamed*, secretary of the organisation. While some money exchangers and banks such as *DBS* and *thinmargin.com* have found digital solutions to money exchanging, many traditional money exchangers have not. Therefore, they are not able to attract the younger generation who are more tech-savvy in this rapidly digitalising society. They would be unable to compete with the online competitors as the latter is able to provide instant currency exchange with easily comparable rates and convenience. This means that traditional money exchangers will start falling behind even after the pandemic if they do not find digital solutions. Money changing can now be done online, such as at *thinmargin.com*, which offers cash pickup after exchanging the money online. With more and more countries moving towards a cashless future, such as *Sweden*, where there is legal digital currency in circulation, there is a reduced need for traditional paper money. This means that if the money exchangers do not adapt and go digital, there will be a smaller and smaller demand for them.

**Reference:**

[Singapore's First 24/7 Online Money-Changer at the Best Rates](#)

[DBS to launch full-service digital exchange - providing tokenisation, trading and custody ecosystem for digital assets](#)

[Interview of Oli Mohamed in a podcast](#)

[Countries that have gone almost cashless](#)

[Sweden using digital currency instead of traditional currency](#)

### **4. Emotional problems**

Money changers feel worried and anxious because they have little income, which would affect their mental health and well-being or even their physical health. For example, according to *Heads Up Australia*, an organisation which supports the mental wellbeing of workers, owners of small businesses that are concerned with the cash flow and constantly worried about financial issues would become easily fatigued, unusually emotional, or getting easily frustrated or angry frequently, which are all symptoms of worsening mental health. According to the *United States' National Institute of Health*, poor mental health of business owners could lead to poor customer service attitudes, poor decision making, and increase in chances of human error, which could further decrease productivity and profit, trapping money changers in a cycle which only leads to worsening business.

**Reference:**

[Mental health and small business \(heads.up.org.au\)](https://heads.up.org.au)

[Mental well-being at the workplace \(nih.gov\)](https://www.nih.gov)

##### **5. High dependence on government**

Government has been providing money changers with incentives so that the money changers can stay alive during this pandemic.

Unfortunately, this causes money changers to be very dependent on the support provided by the government because they barely make enough money of their own to pay rent or even to feed their families.

According to a podcast that *Money FM* did with *Oli Mohamed*, the secretary of the *Money Changer Association, Singapore*, he says that money changers are receiving *Tier 1* support from the *Job Support Scheme* had 75% wage support in early 2020, but it has dropped to about 30% from *April* to *June* this year and 10% from *July* to *September*, resulting in money changers being unable to survive.

**Reference:**

[Here's What You Need To Know About The Jobs Support Scheme \(JSS\)](#)

[More money changers in Singapore facing closure as Covid-19 takes toll on industry - MONEY FM 89.3 \(3:00 to 3:30\)](#)

## **The Underlying Problem: (COVID-19)**

Given that money changers are facing a grim reality as they're dependent on the health of the travel industry during this COVID-19 pandemic, how might we increase their revenue so that they can stay afloat in these tough times 5 years from now in Singapore?

## **5 initial Solutions in order to help keep money changers AFLOAT**

### ***1. Implementing Online Solutions***

Encouraging money changers to shift some of their business online. Can be implemented by the Singapore money changers Association or the Singapore government. This can be done by allowing people to change their currency online, saving the trouble of going all the way down to a money changer. For example, there is a website for an online money changer service called "THIN MARGIN" , which is Singapore's first online money changer which operates all day. After choosing which currency to exchange and how much money is to be

exchanged, the money changer will then deliver the foreign currency to the customer's doorstep within 2 days For example, the supermarket industry has grown greatly after moving some of its business online, and has since become more and more popular. According to the 2021 U.S Grocery Shopper Trends Report, 64% of consumers shopped online for groceries online. If money changers can adapt like how supermarkets did, the money changer business will be able to stay afloat.

*Reference:*

[Duo behind Singapore's first online money changer aim to help customers beat the queues](#)

[Singapore's First 24/7 Online Money-Changer at the Best Rates](#)  
[COVID-19 Pandemic: The Grocery Store Was My Reprieve](#)

## **2. Travel Bubbles**

Travel bubbles initiated by the government. Money changers earn most of their revenue from tourism. Because of COVID-19, the tourism industry has suffered an economic loss from 5239 mil USD in Jan 2020 to about an average of 195.5 mil USD from Jul 2020 and Oct 2020. About 96% of revenue is lost in the tourism industry. Since money changers earn almost all their revenue from tourism, we can safely assume that they have suffered around a 95% loss in revenue. There is a chance for a travel bubble by year end to the EU, US regions and Hong Kong too. According to the Straits Times source, About 47.2% of the population have already been fully vaccinated as at June 30. This will go well for the money changers. As of 20th July 2021, about 46.9% of the population in Singapore are already fully vaccinated.

*Reference:*

[\[Up-to-Date\] Singapore Tourism Revenue \[Data & Charts\], 2007 - 2021](#)

[Coronavirus \(COVID-19\) Vaccinations - Statistics and Research](#)  
[ST exclusive: S'pore may allow leisure travel by year end; US, EU, HK among likely locations, says Ong Ye Kung](#)

[S'pore money changers in dire straits as Covid-19 causes plunge in global travel](#)

### **3. Increased government support**

According to IRAS, JSS(Job Support Scheme) by the government:

<b>Date</b>	<b>\$4600/ Month wage per employee</b>
1 Apr - 30 Jun	30%
1 Jul - 30 Sep	10%

This will lighten some of the load off the money changers having to pay their employees and also paying rent and will also help to prevent the landlords from immediately evicting them. According to the Straits Times article, some money changers have had up to 50% waivers on rental fees for 6 months. The government support will be able to help them stay in business for more time. However, the government is no longer supporting money changers in the Tier 1 Support Scheme by the end of September. According to an interview of money changers by Today, some money-changer operators said that they appreciate the benefits from the Job Support Scheme but said the wage support is not enough to help keep them afloat. Therefore, if the government could continue and increase the support given, to, for example, 40% of \$4600/Month wage per employee, money changers will be able to maintain their businesses and struggle less.

#### **Reference:**

[Specific Industries in Tiers and SSIC Codes](#)

[S'pore money changers in dire straits as Covid-19 causes plunge in global travel](#)

[Covid-19: Some firms say extended Job Support Scheme won't save ailing business, others surprised by continued support - TODAY \(todayonline.com\)](#)

#### **4. Place in measures that tap on Money Changers' expertise**

As demand for physical money exchanging declines as the world becomes more digitalised , there will surely be many money exchangers who will lose their jobs. Instead of having these money exchangers switch jobs or retire, which will waste their decades or years of experience working as a money exchanger, The government or the Singapore Tourism Board can collaborate with banks to provide internships to the money changers, so they can learn about foreign exchange, because they already have background knowledge about different currencies. They can even be offered a position and can even be offered a job and they can survive the pandemic financially. The Singapore Money exchanger association or any other organisation or person could also set up a museum in order to preserve the disappearing trade of money exchanging. They can then hire these money exchangers who lost their jobs to work as guides in the museum. This will make use of their knowledge and experience in the money exchanging industry. There are no museums in Singapore that are about Money Exchanging. By creating a museum that talks about the money exchanging industry , it will be able to attract interested people like the many other museum such as the Mint Museum of toys in Singapore and are about disappearing trades and objects in Singapore. By creating a museum , it will help the money exchangers who lost their job and can also ensure that the history of money exchanging will be preserved.

#### **Reference:**

[Singapore Chinese Opera Museum](#)

[Vintage Camera Museum](#)

[Mint museum of toys](#)

## **5. Temporarily do other forms of business**

Money changers will temporarily switch to selling other products or providing other services other than money changing in order to allow them to have some other source of income so that they are not forced to close down. According to Mothership.SG, some money changers they spoke to in Parkway Parade, said they were currently relying more on revenue from providing remittance services instead. Two Way Exchange, a money changer located in Bedok mall, also sells other products such as snacks and magazines for revenue to maintain their business. The government can also allow some of the money changers to be converted into temporary convenience stores and give them a license to operate as a convenience store and sell things like magazines, newspapers, and snacks.

### **Reference:**

['What to do? I think very soon will close': The plight of money changers in S'pore with nothing to change - Mothership.SG - News from Singapore, Asia and around the world](#)

## **Criteria to make rubrics of the solutions**

1. *Fastest to implement for those in dire need for money so that they can get back on track quickly*
2. *Most cheap to implement so people who are tight on cash are able to use these solutions*
3. *Most effective for money changers so that they are able to earn more money to stay afloat*
4. *Most sustainable so that money changers can rely on them over a long period of time*
5. *Most reliance on government so that money changers will be guaranteed will have the backing of the government and the support of the government*

<b>Criteria</b>	<i>Online Sol.</i>	<i>Travel Bubble Sol.</i>	<i>JSS Sol.</i>	<i>Tap on Expertise Sol.</i>	<i>Sep. Income Sol.</i>
<i>Fastest to implement</i>	4	3	5	3	1
<i>Most cheap to implement</i>	2	4	1	2	3
<i>Most effective</i>	3	4	3	4	2
<i>Most sustainable</i>	4	2	1	4	3
<i>Most reliance on government</i>	3	4	5	5	2
<i>Total</i>	<u>16</u>	<u>17</u>	<u>15</u>	<u>18</u>	<u>11</u>

## **Action plan**

Best Solution-**Place in measures which tap on money changers' expertise**

Government will support the Singapore Tourism Board in setting up a museum or exhibition and hiring suitable money exchangers to work as guides there. This will ensure that during the pandemic Money Exchangers that are unable to continue with their job due to the low income will not waste their expertise in money exchanging and their many years working in this industry. The government can also work with Banks that offer money exchanging services such as Development Bank of Singapore Ltd(DBS) and the Government can give monetary incentives to the banks that are willing to offer internships to money exchangers that have lost their jobs. These money exchangers will be able to learn more technological skills and

about foreign exchangers. The government will be willing to support schemes like this as they want citizens to upskill themselves, as seen from the SkillsFuture Scheme implemented. These money exchangers can earn money during the internship to support themselves and in the future they can be offered positions to work in the bank, which is a more stable and higher income job.

Timeline:

#### Museum-setup (6 Months)

Creating a plan and making a to-do list(1-2month)

Renting an area + renovation and designing the planning and building of the museum structure (3-4months)

Finalising and completing the exhibition(9-12 months)

Hiring Employees(4-6 months)

#### Internship (6months)

In order to sort out and approve the details of the scheme and get banks on board,it may take 1-2 months.

Applying for internships can be expedited and may take a few months for the bank to evaluate the suitability of the money exchangers before approving them.

The bank can set up a workshop to teach the money changers about their internship positions, which will take roughly 2 Months.

Finally, the money changers can start their internship at the bank

[How long to set up an exhibition](#)

[How Long Is an Internship? Tips for Managers Developing Intern Programs \(hirescholars.com\)](#)

#### **Resistors:**

**\_\_\_\_\_Bank executives:** Offering these Money exchangers an internship is a mini investment and not all money exchangers can adapt and learn and they may not be able to learn much. Hence, the executives may vote against participating in this scheme.

**Money Exchangers:** Some money Exchangers have been working in this industry for many decades and love their shop very much. They may not want to lose their shops and join a bank. They may be unwilling to leave this industry and would rather retire.

**Assistors:**

**Government Organisations:** The Government will be willing to upskill these Money exchangers and can provide monetary incentives to these banks that are willing to join the scheme.

**Singapore Money Exchanger Association:** The Singapore Money Exchanger Association can provide incentives to its members joining the bank as interns and help them retain their store so that they will have the option to return back to their shop after the pandemic. This way, more money exchangers will be willing to join the scheme.

***References:***

[How long for internship](#)

[Skillsfuture](#)

[How Long Does It Take to Build a New Construction House?](#)

## **Evaluation of Action Plan**

According to the Straits Times article, around \$5.4 Billion was set aside to another \$5.4 billion set aside for a fresh injection into the SGUnited Jobs and Skills Package. The government can help money changers with their financial situation by tapping into their knowledge about money and enhancing it with some workshops on the history and origins of different currencies etc. This knowledge can then be implemented with the building of a temporary museum which is funded by the \$5.4 billion. This shows that there is enough funding. According to Lawrence Wong, COVID-19 could last 4-5 years, and a short term solution like money museums can help money changers survive. Since the pandemic will last about 5 years, the fundings for the money museum will not be wasted as it is sure to gain some revenue in years. According to Statistica, around 60k people visited

the Peranakan Museum in total in 2019. Since the Money Museum also provides niche history like the Peranakan Museum, it is expected to gain about 50-60k visitors per year. The Peranakan Museum charges \$6 for adults and \$3 for children. With a rough estimate, it can be said that the Peranakan Museum earns around \$270k in a year, and it is expected that the Money Museum will earn around that amount. Temasek Holdings, as of 2019, shares around 11% of DBS. This shows that the Singapore Government will have much influence in getting DBS to help money changers. This will make it easier for the government to get banks to give internships to the money changers, to allow the solution to work more effectively.

**References:**

[Budget 2021: \\$11 billion set aside to fight Covid-19, \\$24 billion to help Singapore emerge stronger from crisis](#)

[Covid-19 pandemic could last four or five years: Lawrence Wong](#)

• [Singapore: total museum visitorship breakdown](#)

[Peranakan Museum, Singapore | Admission Fee, Timings, Tours](#)  
[Shareholding statistics - Singapore](#)

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