



Unlocking the Potential of \_\_\_\_\_

# Digital Payments

for SMBs in Logistics



LOGISTICS

# Foreword

**The logistics industry is the backbone of Singapore's economy, with small and medium-sized businesses (SMBs) playing a crucial role in enabling the smooth flow of goods and services. Their unique payment behaviours, challenges, and opportunities are of great importance.**

This report takes an in-depth look at the state of business payments within the logistics sector in Singapore. Through a combination of qualitative interviews and a quantitative survey, we have uncovered key insights that shed light on the industry's current practices, pain points, and aspirations when it comes to digital payments.

Logistics SMBs demonstrate a growing appetite for digital solutions that can streamline their payment processes, enhance visibility, and improve cross-border transactions. However, they also face hurdles such as limited integration of digital tools, and the burden of manual transaction management.

By bringing these challenges to the forefront, we aim to equip payment solution providers with the knowledge needed to develop targeted solutions that cater to the unique needs of logistics SMBs. The findings presented in this report serve as a roadmap for driving digital payment adoption and empowering these businesses to thrive in an increasingly connected world.

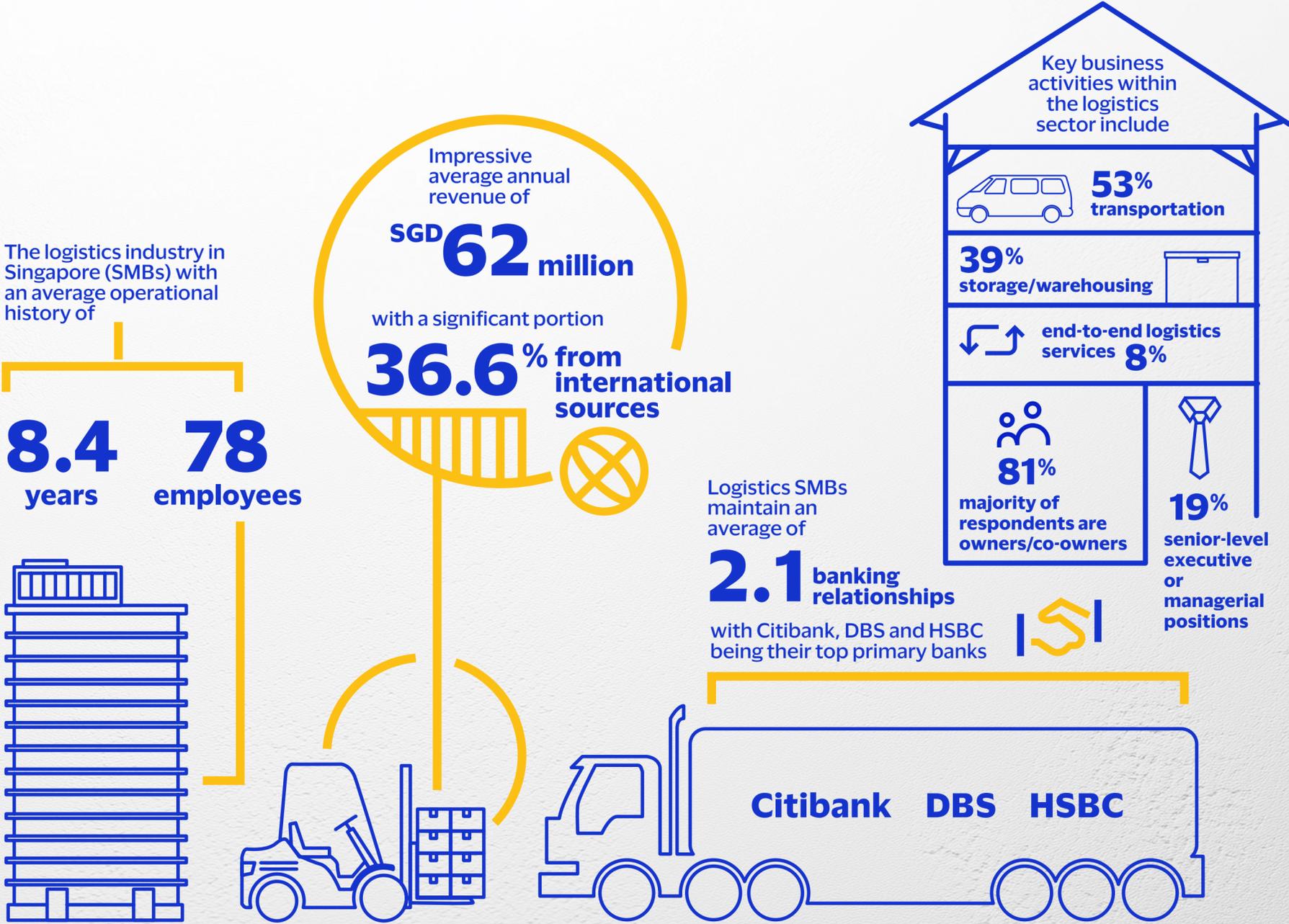
Fostering collaboration between logistics SMBs, payment solution providers and industry stakeholders can unlock the full potential of digital payments in this sector. Together, we can build a more efficient, transparent, and resilient logistics industry that is well-positioned to support Singapore's economic growth in the years to come.



# Logistics SMB Profile and Transaction Landscape – Mapping the Logistics Landscape

Among 100 surveyed logistics SMBs in Singapore, the average operational history is 8.4 years, with a workforce of 78 employees. These companies generate an impressive average annual revenue of SGD 62 million, with a significant portion (36.6%) derived from international sources. On average, they maintain 2.1 banking relationships, with Citibank, DBS, and HSBC being the top primary banks.

The industry is dominated by sole proprietorships (60%), followed by private limited companies (14%) and partnerships (13%). Decision-making authority is largely centralised, with 80% of respondents identified as sole decision-makers. Key business activities within the logistics sector include transportation (53%), storage/warehousing (39%) and end-to-end logistics services (8%). The majority of respondents are owners/co-owners (81%), while the remaining 19% hold senior-level executive or managerial positions.

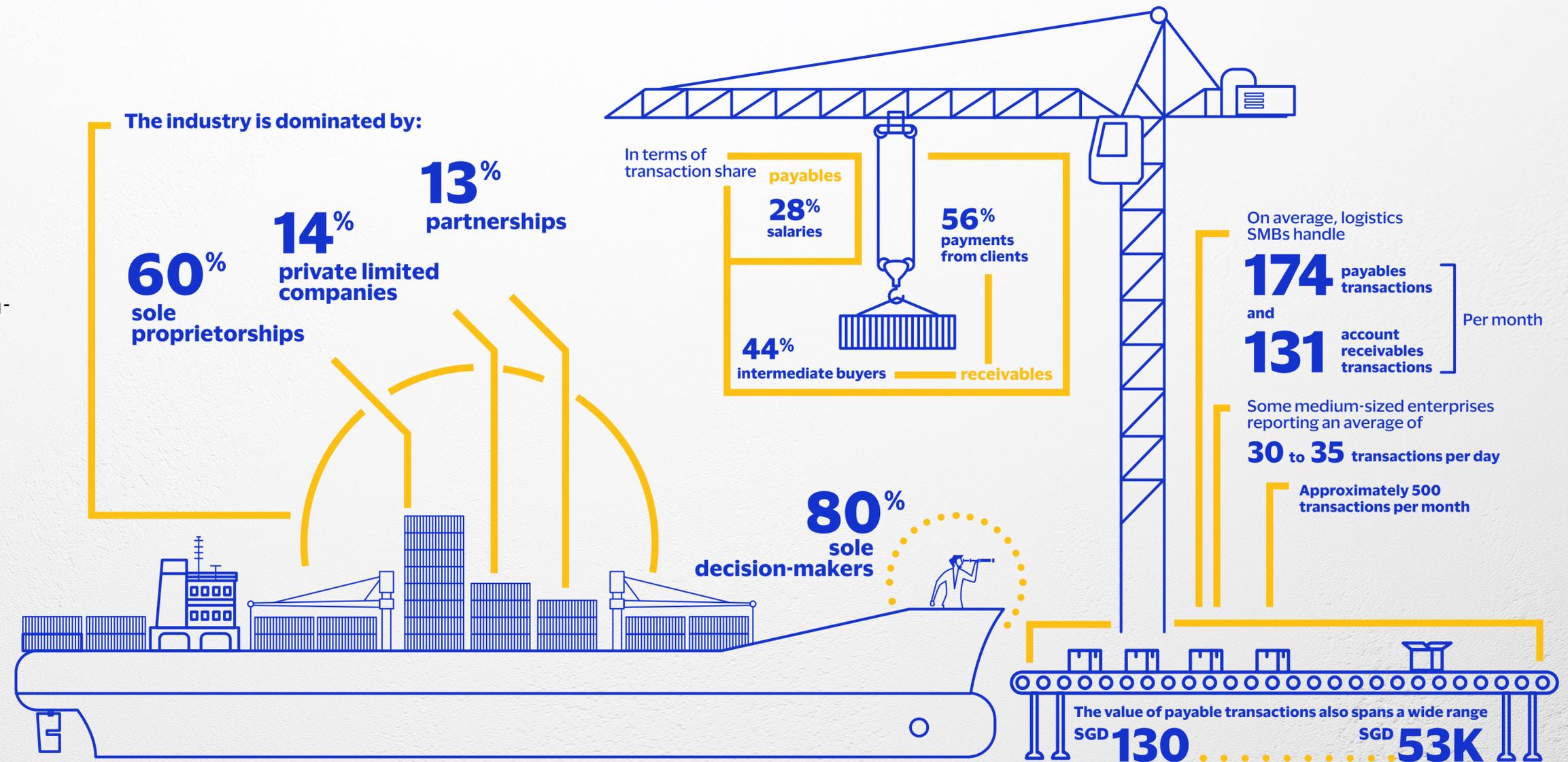


# Logistics SMB Profile and Transaction Landscape – Mapping the Logistics Landscape

In terms of transaction share, salaries constitute the largest portion of payables at 28 per cent, while payments from clients account for the majority of receivables at 56 per cent. Intermediate buyers make up the remaining 44 per cent.

On average, logistics SMBs handle 174 account payables transactions and 131 account receivables transactions per month. The transaction volume for receivables can vary significantly based on the size and complexity of the business, with some medium-sized enterprises reporting an average of 30 to 35 transactions per day, amounting to approximately 500 transactions per month. The value of payable transactions also spans a wide range, with the lowest being around SGD 130 and the highest reaching roughly SGD 53,000.

Understanding the unique profile and transaction landscape of logistics SMBs is essential for developing targeted solutions that cater to their specific requirements and challenges in the dynamic business environment.



# Steering through Business Challenges

We have found that the most pressing concerns for logistics SMBs are increasing competitiveness and digitalisation.

Interestingly, these companies demonstrate a higher level of preparedness to tackle these challenges compared to other industries.

Digitalisation and innovation remain critical challenges for logistics companies, with low preparedness reported in areas like workforce upskilling and developing new products or services. Despite these gaps, companies show strong confidence in maintaining customer loyalty and competitiveness, reflecting their ability to navigate immediate market demands.

When it comes to business payment challenges, the burden of managing cash payments and the difficulty in logging transactions using different payment methods in a unified format are key pain points. These issues highlight the need for a comprehensive digital payment solution that can streamline payment processes and provide a single, integrated platform for transaction management.

The available digital payment tools in the market come with its own set of obstacles. Limited spend visibility due to manual entry of transactions, lack of streamlined cross-border transactions, and high merchant fees are the top concerns for SMBs in this sector. In addition, the need to manually enter transactions despite using digital methods and the inability to track payments in transit further complicates the payment process.

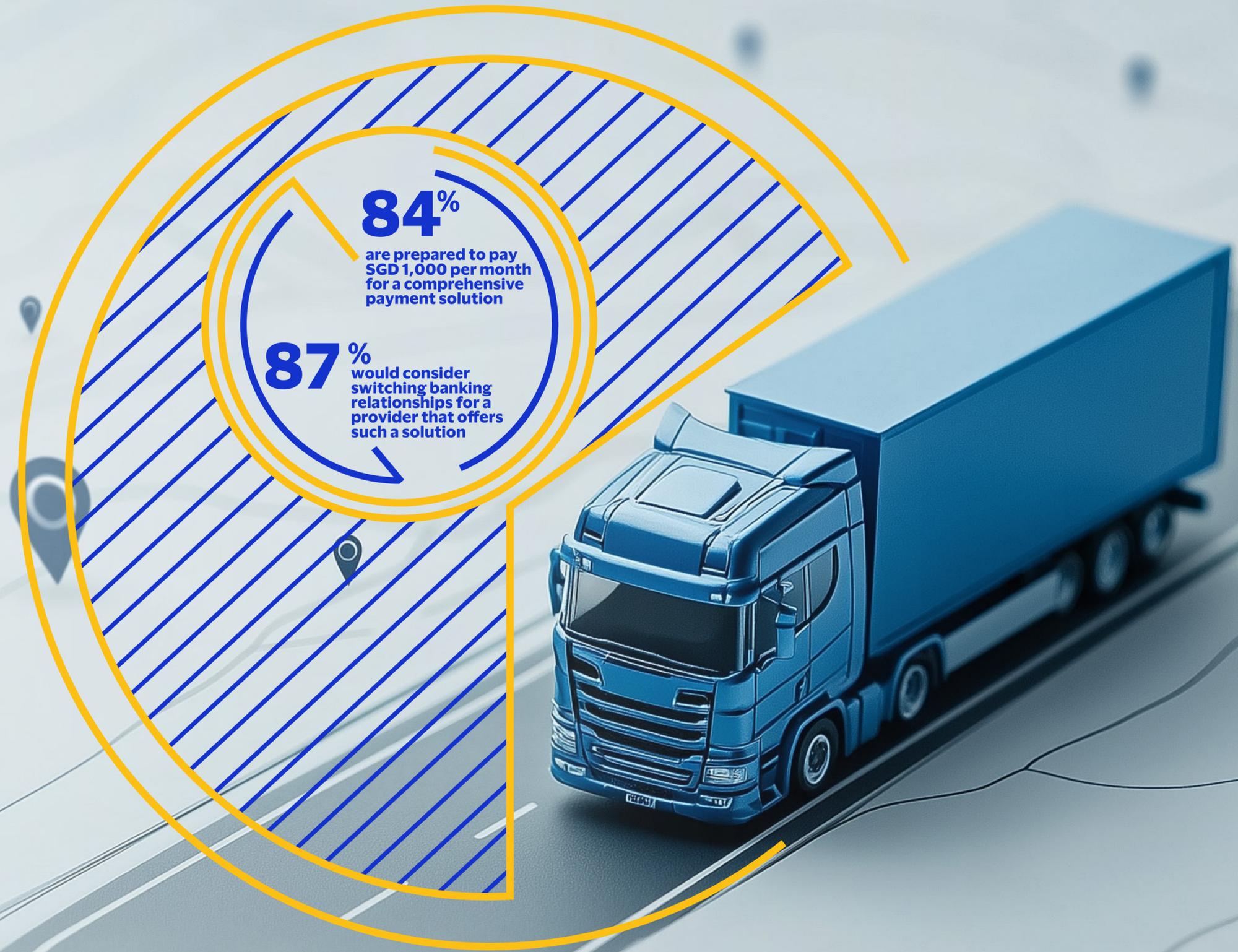


# Steering through Business Challenges

To address these challenges, logistics companies are willing to invest and adopt payment solutions that can alleviate their pain points. A substantial majority (84%) are prepared to pay SGD 1,000 per month for a comprehensive payment solution, while an even higher proportion (87%) would consider switching banking relationships for a provider that offers such a solution. This presents a significant opportunity for digital payment methods, such as cards and multi-currency services, to gain traction in the industry to solve the businesses' challenges.

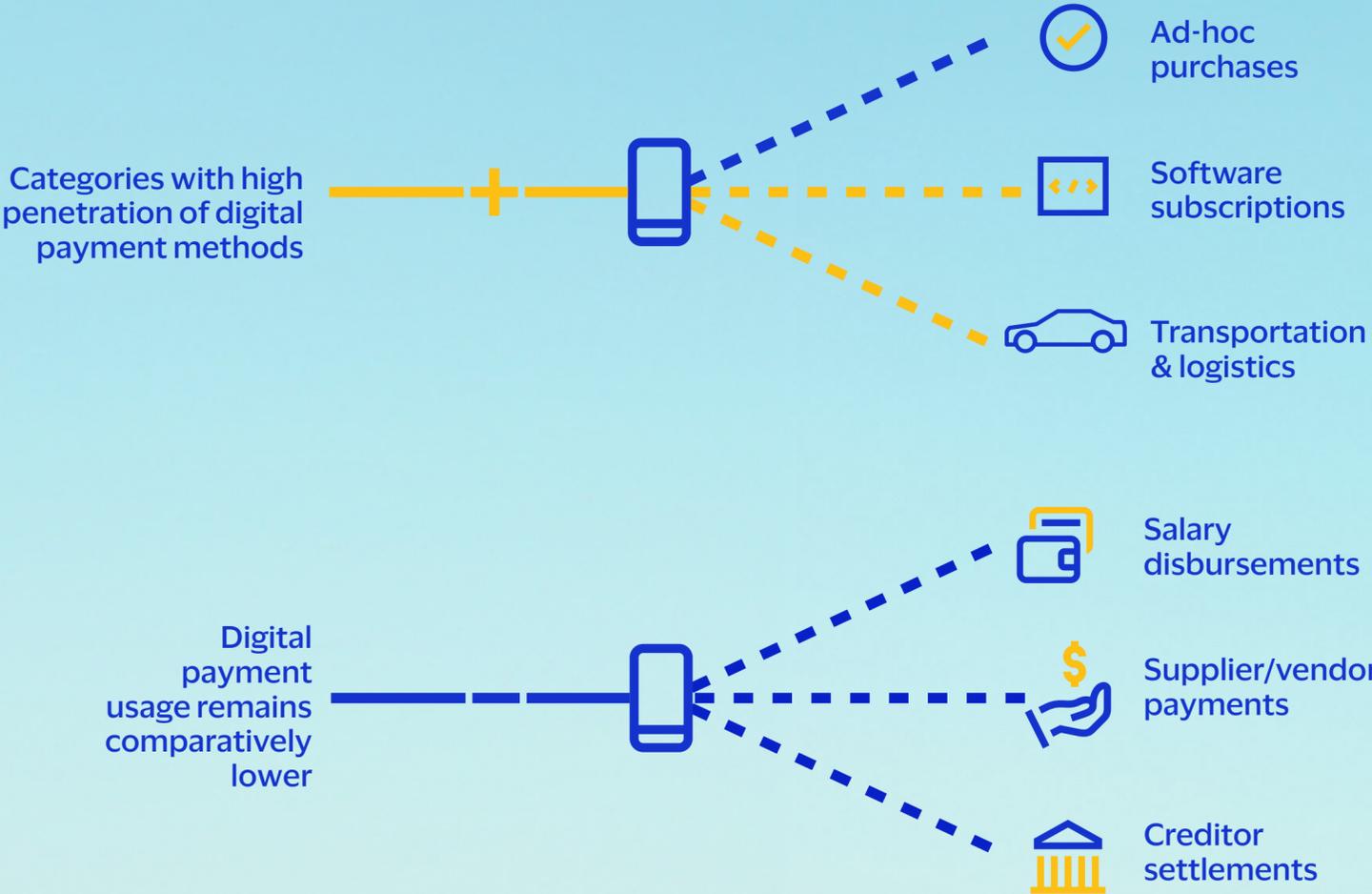
The logistics industry's path to digitalisation and enhanced competitiveness is dependent on several factors.

By offering integrated payment solutions, improving cash flow management, and facilitating seamless digital transactions across borders, the industry can unlock its full potential and build a strong foundation for long-term success.



# Digital Payment Motivators

The logistics industry in Singapore has witnessed a significant penetration of digital payment methods, particularly in certain account payables categories. Expenses such as ad-hoc purchases, transportation & logistics, and software subscriptions have seen a high adoption of digital payments (card payments and digital wallets).



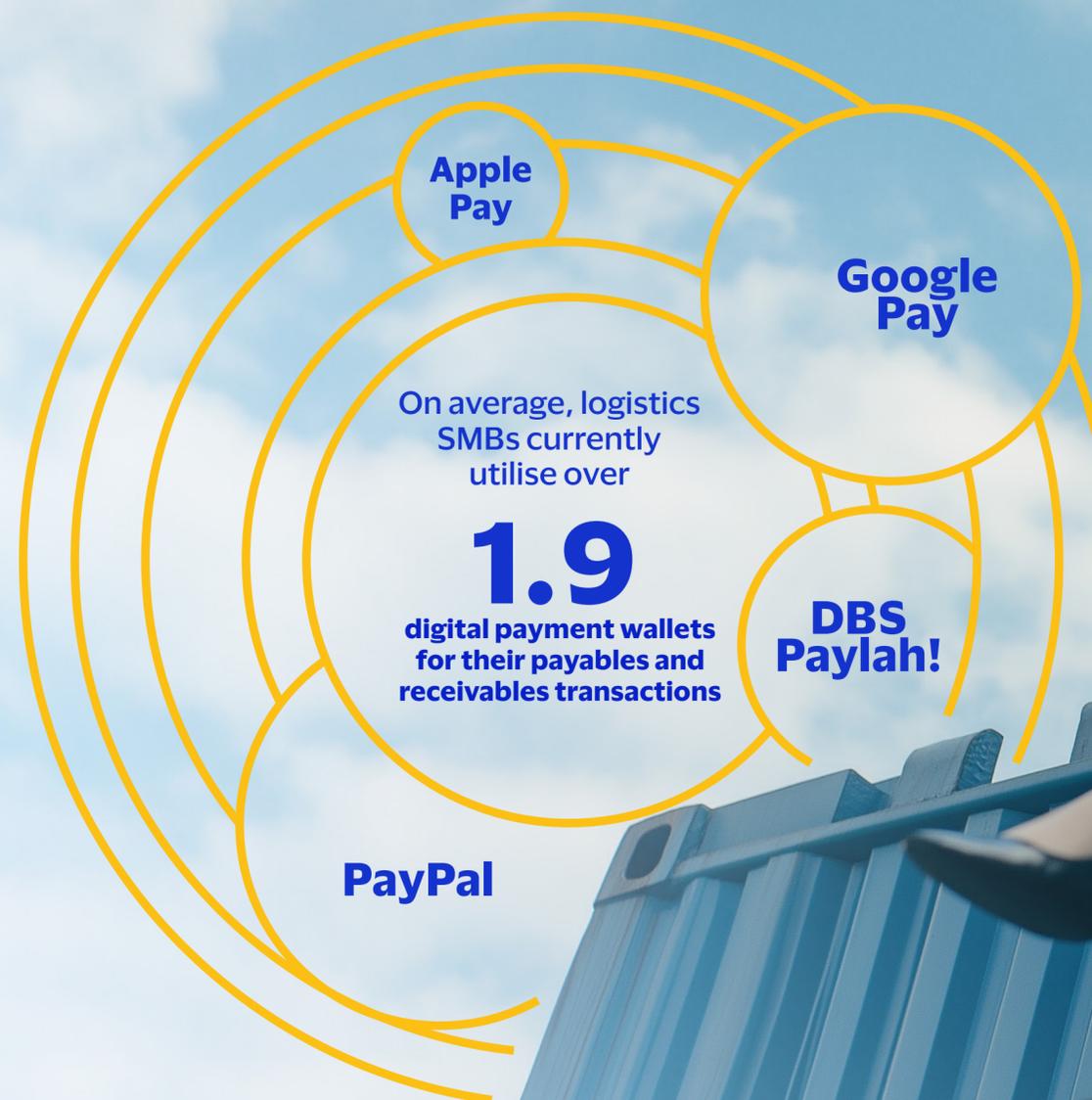
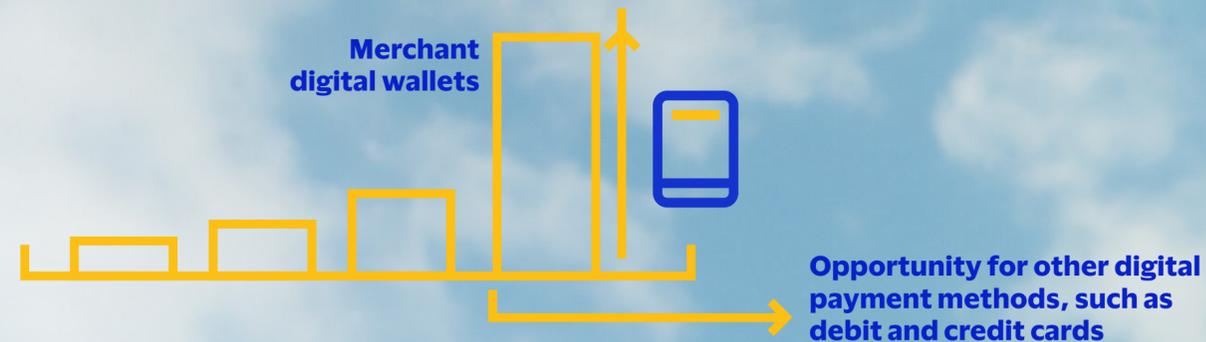
# Digital Payment Motivators

Among the various digital payment types, merchant digital wallets is the most widely used option across multiple account payables categories. This presents an opportunity for other digital payment methods, such as debit and credit cards, to be utilised by businesses in this industry.

Google Pay and PayPal Business have emerged as key digital wallets in the industry, enjoying high retention rates among users. Other notable players include DBS Paylah!, Apple Pay, each with their own loyal user base. On average, logistics SMBs currently utilise close to 2 digital payment wallets for their payables and receivables transactions.

The motivations behind the adoption of digital payments in the logistics sector are diverse. The desire to reduce cash handling, increase revenue, save time, enhance convenience, and maintain competitiveness collectively drive the shift towards using digital payments.

As Singapore progresses towards a cashless future, the logistics industry is expected to embrace digital payments more extensively. However, a significant proportion of companies still rely on cash payments to varying degrees, with only a small fraction fully committed to digital transactions. This highlights the need for continued education and support to help SMBs transition towards a digital-first payment ecosystem.



# Digital Payment Motivators

Looking ahead to the post-cheque era in 2025, payment solution providers should capitalise the opportunities in the logistics sector. Today, logistics companies focus on speed and efficiencies in getting their goods from one point to another. Speed in payments should be an equally important consideration for these logistics SMBs and payment solution providers need to develop targeted strategies that address their specific needs.

Moreover, educating logistics SMBs about the potential of digital payments to streamline operations, enhance and drive business growth will be crucial in accelerating adoption.

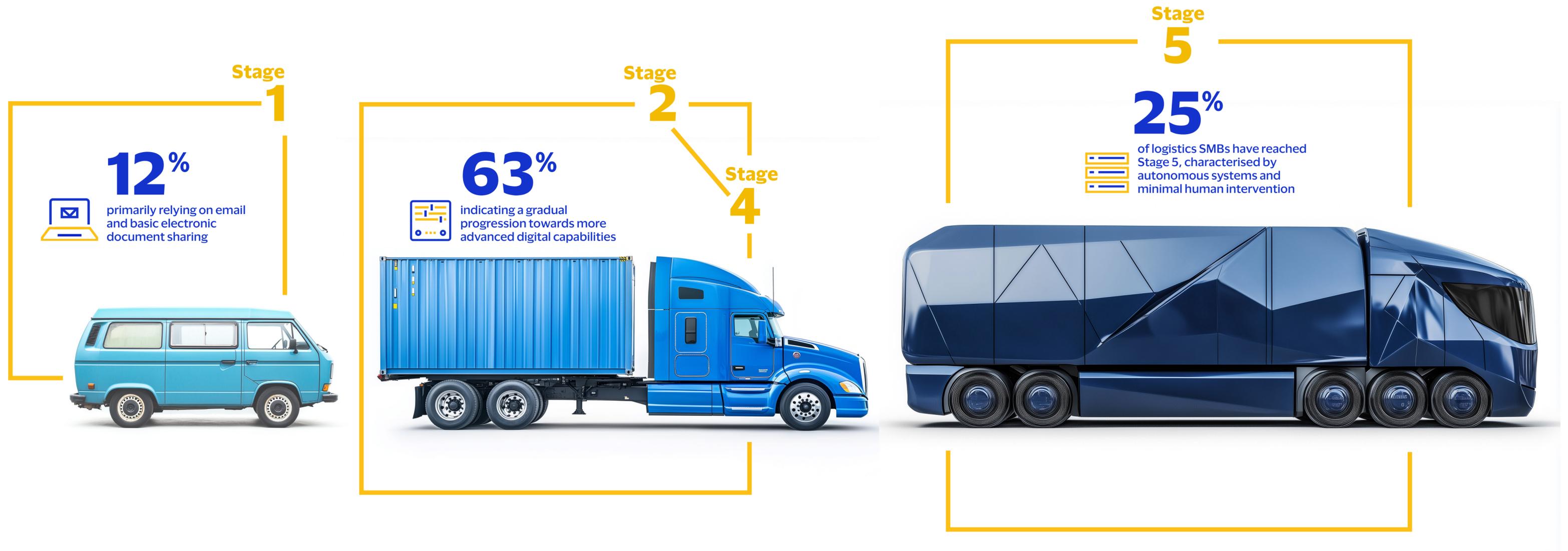
The top cheque payables and receivables currently are for suppliers (64%), customers (61%), and intermediate buyers (50%), indicating where there is the most opportunity to convert to digital payments as the industry moves away from cheques.



# Charting a Course to Digital Excellence

Looking at overall digitalisation efforts, there is still work to be done in the logistics industry. While companies recognise the positive impact of digitalisation, particularly in areas such as inventory management and procurement, the stages of digital maturity vary significantly across the sector.

A closer examination reveals that 12 per cent of logistics SMBs are at Stage 1 of digitalisation, primarily relying on email and basic electronic document sharing. An equal proportion (21%) of business are currently at Stages 2 to 4, indicating a gradual progression towards more advanced digital capabilities. Notably, a quarter of logistics SMBs have reached Stage 5, characterised by autonomous systems and minimal human intervention.



# Charting a Course to Digital Excellence

Despite the varying levels of digital maturity, logistics companies overwhelmingly acknowledge the positive impact of digitalisation across key business functions. Inventory management, sourcing & procurement, HR, finance & accounting, supply chain/logistics, and sales all boast impressive top 2 box scores, ranging from 84 per cent to 90 percent. This suggests that even companies in the early stages of digitalisation are experiencing tangible benefits from their digital initiatives.



A deeper dive into the digital tools and technologies adopted by logistics SMBs highlights the prominence of QuickBooks and MYOB Asian Business Software Solutions (ABSS) (formerly known as MYOB) for accounting and financial management. Specialised tools like Cargo Community Network (CCN) and Info-Tech also play a significant role in the industry. Interestingly, WhatsApp has found widespread usage for sales and sourcing/procurement, indicating an opportunity for more sophisticated, purpose-built digital solutions in these areas.

Payment solution providers and industry stakeholders have a crucial role to play in supporting logistics SMBs in their digitalisation efforts. By offering tailored digital payment solutions, providing guidance on best practices, and facilitating seamless integration with existing systems, these entities can help drive the logistics industry towards a more connected, efficient, and competitive future.



# Conclusion

The logistics industry in Singapore is at a turning point in its digital payment journey. Whilst SMBs in this sector have embraced digital solutions to varying degrees, they continue to grapple with challenges such as limited spend visibility, the burden of cash handling, and fragmented transaction management.

However, the willingness of logistics SMBs to invest and adopt comprehensive payment solutions presents a significant opportunity for providers. The vast majority are prepared to allocate resources and even switch banking relationships for a solution that effectively addresses their pain points.

To seize this opportunity, payment solution providers must develop tailored strategies that cater to the unique needs and preferences of logistics SMBs. By offering seamless integration with existing systems, competitive merchant fees and robust cross-border transaction capabilities, these providers can help logistics companies fully harness the power of digital payments.

Grapple with challenges such as:



Limited spend visibility



Burden of cash handling



Fragmented transaction management

Payment providers must tailor strategies to the unique needs of logistics SMBs, such as:



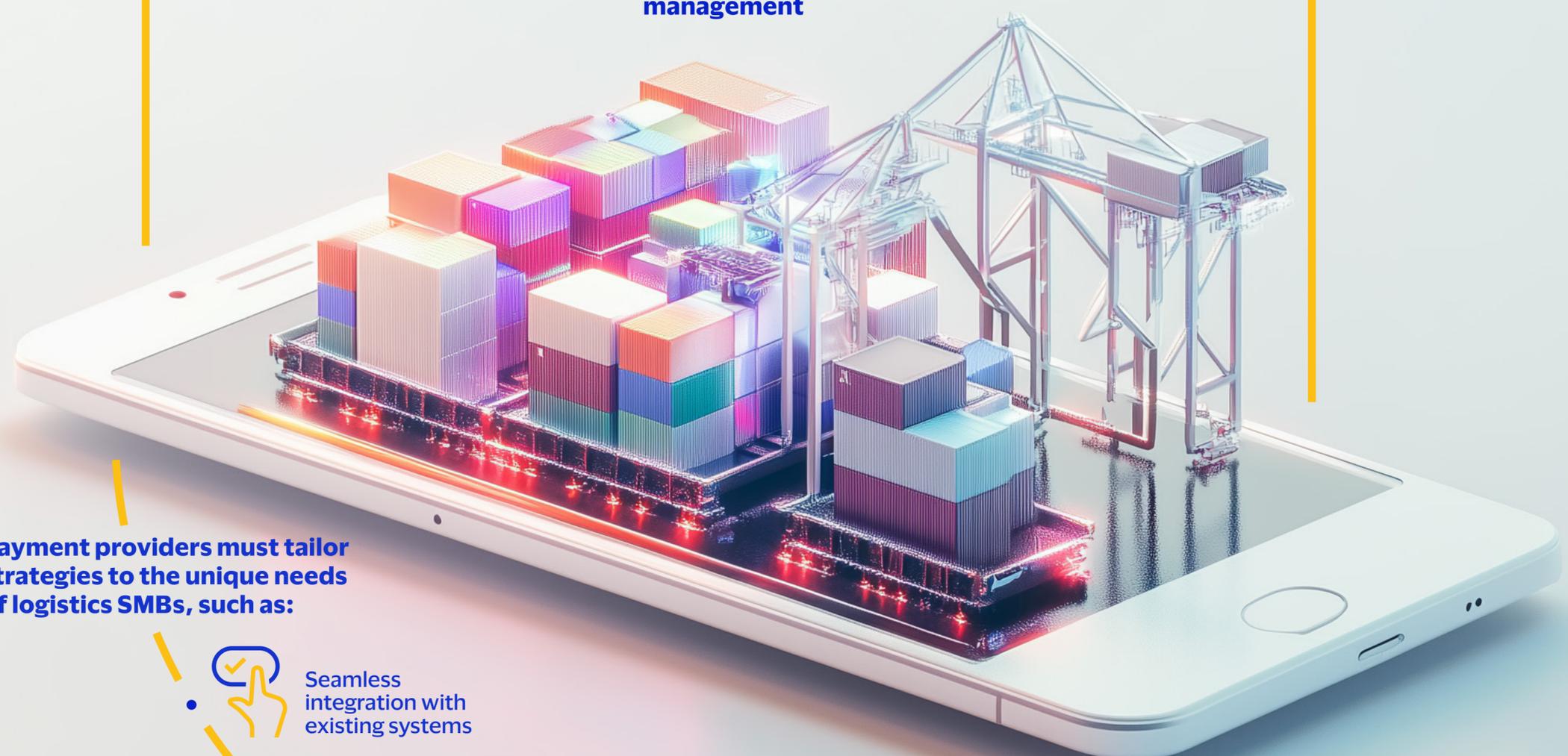
Seamless integration with existing systems



Competitive merchant fees



Robust cross-border transaction capabilities



# Conclusion

As Singapore progresses towards a cheque-free future, the logistics industry is expected to undergo a significant shift in its payment landscape. Supporting SMBs through this transition by offering education, guidance, and innovative solutions will be crucial in driving widespread adoption of digital payment methods.

The insights presented in this report serve as a call to action for payment solution providers, financial institutions, and industry stakeholders.

By collaborating to address the challenges faced by logistics SMBs and develop solutions that cater to their specific needs, we can help drive the sector's digital transformation and position it for long-term success.

The future of the logistics industry in Singapore is undeniably digital. By empowering SMBs with the tools and support they need to embrace digital payments, we can help create a more connected, efficient, and thriving logistics ecosystem that serves as a model for the rest of the world. The time to act is now and the opportunities are vast for those ready to help logistics SMBs navigate the digital frontier.

The logistics payment landscape is set to shift, requiring support for SMBs by offering:



# About the Report

This report is a 3-part series focusing on construction, logistics and healthcare industries.

It includes 24 in-depth qualitative and quantitative online survey of 300 SMBs across these three industry verticals.

The research was conducted to uncover insights into business payment behaviours, challenges, and opportunities to help payment solution providers and financial institutions better serve the needs of SMBs in these sectors.

SMBs are defined as:



Industries included:



**Healthcare**

(e.g. GPs, Dentists, Clinical Labs, Pharma Companies, Medical Equipment's supplier, small hospitals, etc.)



**Logistics**

(e.g. Storage/warehouse companies, inventory control, transportation companies etc.)



**Construction**

(e.g. contractors, interior design, architecture, engineering, equipment suppliers, material suppliers, etc.)



**24 Qualitative Interviews**

to understand payment behaviour, business flows, challenges and opportunities of payments



**Online Quantitative Survey**

of N=300 to size the important of different pain points and opportunities for payment products in healthcare, logistics, and construction



**VISA**



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