

**RESPONSE TO
FEEDBACK RECEIVED**

June 2023

**Consultation Paper on
Strengthening
Participation in SGQR**

MAS

Monetary Authority of Singapore

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1 Preface

1.1 On 27 September 2022, the Infocomm Media Development Authority (“**IMDA**”) and the Monetary Authority of Singapore (“**MAS**”) consulted on the following proposals to:

- i. introduce a set of guidelines which cover MAS’ expectations on all Relevant Merchant Acquirers¹ through their participation in the Singapore Quick Response Code Scheme (“**SGQR**”) (the “**Proposed Guidelines on Participation in SGQR**”);
- ii. introduce a fee structure model for SGQR Members; and
- iii. conduct regular batched onboarding exercises for merchant acquirers who wish to join SGQR,

(the “**Consultation**”).

1.2 The consultation period closed on 28 October 2022. IMDA and MAS thank all respondents for their contributions. The list of respondents is in **Annex A**.

1.3 IMDA and MAS have carefully evaluated the feedback and where appropriate, incorporated the relevant suggestions from the feedback received into the Proposed Guidelines on Participation in SGQR, along with relevant governance, membership, operating rules, branding, and presentment protocols relating to the SGQR (“**Rules**”). Comments that are of wider interest, together with IMDA’s and MAS’ responses, are set out in this paper.

¹ A “Relevant Merchant Acquirer” means any major payment institution or any exempt payment service provider that provides the Relevant Merchant Acquisition Service to any merchant. A “Relevant Merchant Acquisition Service” is defined as the provision of merchant acquisition service to any merchant through a static QR code at that merchant’s physical place of business.

2 Proposal 1: To introduce a set of guidelines to set out MAS' expectations on all Relevant Merchant Acquirers through their participation in SGQR

Question 1. IMDA and MAS seek comments on the proposal that any Relevant Merchant Acquirer should be an SGQR Member and provide the Relevant Merchant Acquisition Service by way of an SGQR label only.

Question 2. IMDA and MAS seek comments on the proposals for: (a) the Proposed Guidelines on Participation in SGQR, as well as the revised Rules to take effect on 1 December 2023, which equates to a transition period of at least three months from the publication of the response to the SGQR Consultation which is targeted for mid-2023; and (b) the transition period of at least six months from the date that the Proposed Guidelines on Participation in SGQR and revised Rules take effect, for SGQR Members to remove all proprietary static payment QR code labels at their merchants' physical places of business and replace them with SGQR labels.

Overview

2.1 IMDA and MAS introduced the Proposed Guidelines on Participation in SGQR ("**Proposed Guidelines**"), which set out expectations that any Relevant Merchant Acquirer should be an SGQR Member. IMDA and MAS also proposed to add a new rule in the Rules to require SGQR Members to provide the Relevant Merchant Acquisition Service by way of an SGQR label only and not with proprietary static payment QR code labels.

2.2 IMDA and MAS planned for the Proposed Guidelines, as well as the revised Rules to take effect on 1 December 2023. Existing SGQR Members would be given at least six months from the implementation date of the Proposed Guidelines and the revised Rules, to replace all proprietary static payment QR code labels displayed at their merchants' physical places of business with SGQR labels.

Feedback

2.3 Most respondents were supportive of the proposal to introduce the Proposed Guidelines, and to add a new rule in the Rules to require SGQR Members to provide the Relevant Merchant Acquisition Service by way of an SGQR label only and not with proprietary static payment QR code labels.

2.4 Most respondents were also supportive of the proposal for the Proposed Guidelines and the revised Rules to take effect on 1 December 2023, as well as the proposed transition period for existing SGQR Members of at least six months. Some respondents expressed a preference for a transition period of less than six months, to avoid a prolonged period where some SGQR Members' proprietary static QR code payment labels were still displayed at their merchants' shopfronts.

2.5 Some respondents expressed concerns over their ability to ensure that their merchants did not display any proprietary static payment QR code label at their physical places of business. These respondents highlighted that some merchants could self-generate a static PayNow QR via their banks' or payment service providers' platforms, and display it at their shopfront to enable customers to make payments directly to their individual payment accounts, making it challenging for an SGQR Member to prohibit their merchants from continuing this practice.

2.6 Some respondents were of the view that replacing their proprietary QR labels with SGQR labels could potentially diminish the visibility of their organisations' branding. One respondent suggested that SGQR Members be allowed to include their contact information in the SGQR label so that the merchant knows which merchant acquirer to contact when the need arises.

2.7 One respondent suggested that SGQR Members need not issue an SGQR label to merchants that only accept payment via a single payment scheme. Instead, the SGQR Member that acquires a merchant for a second payment scheme can issue an SGQR label to that merchant.

2.8 One respondent requested for the Proposed Guidelines to be elevated to a regulation to foster higher compliance and accountability among SGQR Members.

IMDA's and MAS' Response

2.9 Given the broad support received for the proposal, IMDA and MAS will largely retain the Proposed Guidelines, as well as to bring into effect the Proposed Guidelines on Participation in SGQR and the revised Rules on 1 December 2023 as consulted.

2.10 While some respondents reflected a preference for a shorter transition period, IMDA and MAS will provide existing SGQR Members with a transition period of six months from the date that the Proposed Guidelines and the date that the revised Rules take effect i.e., from 1 December 2023 to 31 May 2024. This would ensure that all SGQR Members have sufficient time to replace all proprietary static payment QR code labels at their

merchants' physical places of business and replace them with SGQR labels, as well as to make any changes to their business processes and arrangements with their merchants as may be necessary to implement the use of SGQR labels in their businesses.

2.11 Having regard to respondents' feedback, IMDA and MAS will permit the use of proprietary static payment QR code labels at merchants' storefronts, but only where these labels are exclusively linked to merchants' individual payment accounts (i.e. payment account(s) held by a natural person). This will help to reduce the operational burden on small and medium-sized enterprises that choose to accept payments directly to their individual payment accounts. To avoid doubt, SGQR Members are still expected to ensure that no proprietary static payment QR code label is used to provide any Relevant Merchant Acquisition Service, in the case where such label is linked to a merchant's corporate payment account.

2.12 In the event that IMDA or MAS are informed of any instance where a merchant displays at its physical place of business a proprietary static payment QR code label even though an SGQR label should be displayed instead, IMDA or MAS will inform the SGQR Member that has issued the merchant with that proprietary static payment QR code label, and request that the SGQR Member remove or arrange for the removal of the proprietary static payment QR code label from the merchant's physical place of business and issue a new SGQR label for the merchant within three months.²

2.13 While SGQR Members will be expected to provide the Relevant Merchant Acquisition Service by way of an SGQR label only and not by way of branded proprietary static payment QR code labels, SGQR Members can continue to place branding collaterals elsewhere at their merchants' shopfronts. SGQR Members will only need to ensure that such branding collaterals are not affixed onto any SGQR label or any frame surrounding that SGQR label. As such, IMDA and MAS are of the view that the Proposed Guidelines and the revised Rules will not negatively impact SGQR Members' ability to display branding at their merchants' shopfronts.

² For example, if a merchant is found to be displaying both a PayNow Corporate QR label and an SGQR label at its shopfront, IMDA or MAS will notify the merchant's PayNow Corporate-registered bank to issue a new SGQR label to the merchant, for the facilitation of Relevant Merchant Acquisition Services from the PayNow Corporate-registered bank to the merchant through such SGQR label. If a merchant is found to be displaying an SGQR label alongside another SGQR Member's proprietary static payment QR code label, that SGQR Member will be required to issue a new SGQR label that includes its scheme payload to the merchant.

2.14 IMDA and MAS will allow SGQR Members to include contact information on the back of the SGQR label when providing an SGQR label to its merchant, to facilitate merchant communication, for the purposes of providing merchant education to a merchant, or responding to any question or issue that a merchant may have in respect of SGQR and the merchant acquisition service provided by an SGQR Member through SGQR.

2.15 IMDA and MAS have considered the suggestion that SGQR Members need not issue an SGQR label to a merchant that is only acquired for a single payment scheme. To enable consumers to easily identify the correct QR code label for making payments, IMDA and MAS will retain the proposed rule that SGQR labels must be issued even where the merchant is acquired for only one scheme. There may also be situations where a merchant is acquired for multiple payment schemes, but each acquirer is unaware of these multiple acquisitions. Having a consistent rule that all static payment QR codes must be presented as a SGQR label makes it easier for each acquirer to comply with the SGQR rules.

2.16 IMDA and MAS note the feedback on elevating the Proposed Guidelines to a regulation. The introduction of the Proposed Guidelines does not preclude IMDA and MAS from considering further measures to convey the Guidelines on Participation in SGQR as a regulation, if IMDA and MAS deem this to be necessary in the future for the greater adoption and acceptance of SGQR as a common standard.

3 Proposal 2: To introduce a fee structure model for SGQR Members

Question 3. IMDA and MAS seek comments on the introduction of the proposed fee structure for SGQR Members, and the proposal to have BCS perform a one-time fee collection on the date which the revised Rules take effect.

Overview

3.1 IMDA and MAS proposed to introduce a fee structure for SGQR Members, and for the Banking Computer Services Private Limited (“**BCS**”), the Operator of the SGQR Central Repository (“**Central Repository**”), to perform a one-time fee collection on the date which the revised Rules take effect. The proposed fee structure model included the following:

- (a) a one-time onboarding fee of S\$1,800;
- (b) an annual account maintenance fee of S\$360; and
- (c) a tiered annual subscription fee that depends on the total number of SGQR labels issued by the SGQR Member³ at the end of the calendar year.

Feedback

3.2 While most respondents were supportive of the introduction of a fee structure for SGQR Members, several respondents expressed concerns regarding the fee amounts and IMDA’s and MAS’ expectation for SGQR Members to not pass on the cost to merchants:

- (a) Five respondents commented that the annual subscription fee was high. One respondent noted that the annual subscription fee may deter SGQR Members from advocating the use of SGQR labels by their merchants. One respondent suggested that it would be beneficial for SGQR to remain free-of-charge to encourage more merchants to adopt digital payments.
- (b) Five respondents commented that the excess label fee was high. Two respondents noted that the excess label fee would add to the current costs

³ The total number of SGQR labels issued by an SGQR Member is equivalent to the total number of unique SGQR IDs that belong to an SGQR Member and are resided in the Central Repository.

of printing and replacing SGQR labels at their merchants' physical places of business, which could considerably raise SGQR Members' operating costs.

- (c) Four respondents commented that a Relevant Merchant Acquirer should have the flexibility to pass on the cost of maintaining its SGQR membership to their merchants. Two respondents highlighted that such fees would be aggregated with all other operational costs of running a merchant acquisition business and charged to their users or merchants to ensure that the Relevant Merchant Acquirer's business continues to be profitable.
- (d) Five respondents requested for more transparency on how the fees and costs were derived.

IMDA's and MAS' Response

3.3 In response to the feedback received, IMDA and MAS, in consultation with BCS, have agreed to lower the fees across all subscription tiers. The revised fee structure (as set out in the rightmost three columns of the table below) is as follows.

Tier	Subscription Tier	SGQR Consult Paper		New SGQR Annual Fee		
		Annual Fee	Excess Label Fee	Annual Fee	Excess Label Fee	Excess Fee Cap
T1	Unlimited labels	S\$85,000	-	S\$82,500	-	-
T2	Up to 50,000 labels	S\$72,500	S\$3 per label	S\$70,000	S\$3 per label	S\$12,498
T3	Up to 30,000 labels (new tier)	-	-	S\$54,000	S\$3 per label	S\$15,999
T4	Up to 10,000 labels	S\$22,500	S\$3 per label	S\$21,500	S\$3 per label	S\$32,499
T5	Pay per label	S\$3 per label	-	S\$3 per label	-	S\$21,498

3.4 The key changes to the fee structure are:

- (a) a reduction in annual subscription fees of \$1,000 to \$2,500 across each subscription tier (besides the pay-per-label subscription tier); and

(b) an introduction of an additional tier (T3) for SGQR Members that have issued up to 30,000 labels, with a lower annual subscription fee than that of tier T2.

3.5 Furthermore, BCS will subscribe an SGQR Member on its behalf to the most cost-effective subscription tier, based on the total annual subscription fee and excess label fees that the SGQR Member will pay based on the total number of SGQR labels issued.

3.6 Where the SGQR Member is on subscription tier T5, the member is charged the excess label fee only for each unique SGQR label issued by that member. Where the SGQR Member is on subscription tiers T1 to T4, the member is charged the excess label fee only for each unique label in excess of the entitlement under its subscription tier, and only until the excess label fee cap is reached. On this basis, IMDA and MAS are of the view that the proposed excess label fee is reasonable and will maintain the fee at \$3. The average cost per label within the subscription tiers of T1 to T4 ranges between S\$2.15 to potentially less than S\$1.40. Furthermore, a cap on excess fees is also in place to ensure that the SGQR Member's total excess label fee does not exceed the difference between the fee for their subscription tier that the SGQR Member subscribes to, and the fee for the next applicable subscription tier. Please refer to the table below for further details.

Tier	Subscription Tier	New Annual Fee	Auto-Subscribe	Cost per Label based on Annual Fee	Excess Label Fee	Excess Fee Cap
T1	Unlimited labels	S\$82,500	54,200 labels and above	Potentially lower than S\$1.40	-	-
T2	Up to 50,000 labels	S\$70,000	35,400 to 54,199 labels	S\$1.40	S\$3 per label	S\$12,498
T3	Up to 30,000 labels	S\$54,000	20,900 to 35,399 labels	S\$1.80	S\$3 per label	S\$15,999
T4	Up to 10,000 labels	S\$21,500	7,200 to 20,899 labels	S\$2.15	S\$3 per label	S\$32,499
T5	Pay per label	S\$3 per label	Pay per label up to 7,199	S\$3	-	S\$21,498

3.7 To further reduce the cost burden on SGQR Members, BCS and the Financial Sector Development Fund (“FSDF”), administered by MAS, will continue to fully subsidise the operating costs of the Central Repository for the rest of 2023. Hence, existing SGQR

Members will not need to pay the one-time fee on 1 December 2023 as originally proposed in the Consultation.

3.8 IMDA and MAS have carefully considered the feedback that a Relevant Merchant Acquirer should have the flexibility to pass on the cost of maintaining its SGQR membership to their merchants. In response to the feedback, MAS will remove the paragraph in the Proposed Guidelines which sets out MAS' expectation that a Relevant Merchant Acquirer should not directly or indirectly pass on any of the cost of maintaining its SGQR membership, including any fees payable to maintain its membership and its SGQR labels, to any user or merchant. However, IMDA and MAS strongly encourage SGQR Members to absorb these costs for their merchants as far as practicable.

3.9 In response to respondents' request for more transparency on how the fees and costs were derived, MAS and BCS organised an industry workshop on 30 March 2023 for all respondents, SGQR Taskforce⁴ members, representatives from the Association of Banks in Singapore and its members, and the Singapore FinTech Association and its members. BCS provided a detailed explanation of the revised fee structure and the billing mechanics. MAS and BCS also discussed the key areas of feedback received. Additionally, plans for 2023 were discussed and outlined during the workshop. Based on a survey conducted after the workshop, 93% of the attendees found that the revisions to the proposals and clarifications shared at the workshop adequately addressed their concerns. All participants also expressed satisfaction with the usefulness of the workshop and the information shared.

⁴ The SGQR Taskforce, co-led by MAS and IMDA, was established in August 2017 to develop a set of common payment QR code specifications for e-payments in Singapore. The Taskforce consists of SGQR Members and other international payment schemes and technology providers.

4 Proposal 3: To conduct regular batched onboarding exercises for merchant acquirers who wish to join SGQR

Question 4. IMDA and MAS seek comments on the conduct of regular batched onboarding exercises for merchant acquirers who wish to join SGQR.

Overview

4.1 IMDA and MAS proposed for BCS to conduct regular batched onboarding exercises for merchant acquirers who wish to join SGQR, and the onboarding exercises should be held at least semi-annually.

Feedback

4.2 The proposal received support from the majority of respondents. One respondent suggested allowing ad-hoc onboarding for new SGQR members that wish to prioritise their onboarding.

IMDA's and MAS' Response

4.3 IMDA and MAS will implement the regular batched onboarding exercises for merchant acquirers seeking to join SGQR. The onboarding exercises will be held semi-annually. The first onboarding exercise will begin in March 2024.

4.4 The conduct of regular batched onboarding exercises is aimed at enhancing administrative efficiency and reducing operating costs during the onboarding process. IMDA and MAS recognise that some SGQR Members may find scheduled onboarding exercises unwieldy. BCS will provide new SGQR Members with the option of ad-hoc onboarding where deemed necessary by IMDA and MAS. SGQR Members that are onboarded ad-hoc will incur an additional cost.

No.	Regular Batched Onboarding	Ad-hoc Onboarding
1	Exercise will be held semi-annually (March and September)	<ul style="list-style-type: none"> • Only where deemed necessary, at IMDA's and MAS' discretion • Request to be made to IMDA and MAS • BCS will process upon IMDA's and MAS' approval
2	Newly licensed Relevant Merchant Acquirers to register as an SGQR Member in the next available onboarding exercise	-

3	Fee considerations: <ul style="list-style-type: none">• Onboarding: S\$1,800 (one-time)• Account management fee: S\$360 (annual)	Fee considerations: <ul style="list-style-type: none">• Onboarding: S\$3,600 (one-time)⁵• Account management fee: S\$360 (annual)
4	8 members per window	Not within the regular/standard 2 onboarding windows

⁵ The additional cost incurred for ad-hoc onboarding accounts for the cost of utilising unplanned resources for onboarding activities, such as administration, briefing, configuration changes, testing, support and deployment.

5 Other feedback received from the industry

Question 5. IMDA and MAS seek any other feedback on areas not captured in the questions above and any other suggestions on how to ensure SGQR's readiness for cross-border connectivity in the future.

5.1 IMDA and MAS received other feedback not directly on the proposals (including feedback from the attendees at the industry workshop on 30 March 2023) on areas not addressed in the Consultation. The relevant feedback and our responses are provided below.

SGQR membership admission criteria

5.2 A few industry members highlighted that notified entities⁶ (“**Notified Entities**”) under the Payment Services Act 2019 (“**PS Act**”) that had yet to obtain a licence to provide merchant acquisition services in Singapore were currently ineligible to become SGQR Members. Members of the industry suggested that there could be value in expanding the SGQR membership admission criteria to include certain Notified Entities with a significant merchant base to allow many more merchants to benefit from SGQR.

5.3 IMDA and MAS will review this feedback and assess if there are significant benefits to allowing certain Notified Entities admission to SQGR alongside licensees, given the possibility that not all Notified Entities may be eventually granted a licence. Preliminarily, IMDA and MAS note that there may only be one Notified Entity that has a sufficiently large merchant base to be considered for admission under such an expanded SGQR membership admission criteria. IMDA and MAS will inform members of the industry via their industry associations of the changes to the SGQR membership admission criteria, if any, in due course.

Self-help portal for SGQR Members and merchants

5.4 One respondent suggested that IMDA and MAS offer self-help capabilities to merchants such that they can obtain assistance on common queries regarding their SGQR IDs. These queries include ascertaining if their businesses have been registered for SGQR or identifying their SGQR IDs after misplacing their SGQR labels. IMDA and MAS are in

⁶ Notified Entities refer to entities that have been granted an exemption from holding a licence under the Payment Services Act for specific payment services for a specified period, pursuant to Regulation 4 of the Payment Services (Exemption for Specified Period) Regulations 2019 (“Exemption Regulations”).

discussions with BCS to develop a self-help portal for SGQR Members and merchants to handle common SGQR-related queries and issues.

Merchant education material

5.5 MAS will in 3Q 2023 circulate a merchant education leaflet to the SGQR Members to educate their merchants on the appropriate manner of displaying SGQR labels and the new rule relating to the use of proprietary static payment QR code labels. Merchants will also be guided to communicate directly with their respective merchant acquirers to address any queries or concerns.

Retirement of the SGQR Taskforce

5.6 As the SGQR matures as a scheme, and with the significant majority of the SGQR Taskforce being SGQR Members, IMDA and MAS officially retired the SGQR Taskforce with effect from 30 March 2023. IMDA and MAS extend our deep appreciation to all SGQR Taskforce members for their invaluable contributions to the development of SGQR. IMDA and MAS will continue to engage all SGQR Members and other relevant stakeholders directly on matters relating to SGQR.

INFOCOMM MEDIA DEVELOPMENT AUTHORITY AND MONETARY AUTHORITY OF SINGAPORE

23 June 2023

Annex A

**LIST OF RESPONDENTS TO THE CONSULTATION PAPER ON
STRENGTHENING PARTICIPATION IN SGQR**

1. 2C2P Pte Ltd
2. Beeconomic Singapore Pte Ltd
3. DCS Card Centre Pte Ltd
4. EZ-Link Pte Ltd
5. Mastercard Asia/Pacific Pte Ltd, who requested for confidentiality of submission
6. Network for Electronic Transfer (Singapore) Pte Ltd
7. OxPay SG Pte Ltd
8. SingCash Pte Ltd
9. Xfers Pte Ltd
10. Five respondents who requested for confidentiality of identity
11. Seven respondents requested for confidentiality of identity and submission

