

You can transfer money in seconds, so why do some house purchases still require paper?

We may have the technology, but coordination is another story. And sometimes, friction has a purpose.

Daniel Rabetti

In Singapore, it is almost second nature to make payments with our phones. We pay for chicken rice by scanning a hawker's QR code, send money to a friend instantly with PayNow – which has an adoption rate of more than 90% – and increasingly make cross-border payments from our phones.

But try buying a home and the

experience can feel surprisingly different.

A buyer making one of the largest transactions of their life may still need to collect a cashier's order from a bank, deliver it physically to a lawyer and navigate a process involving documents and coordination among banks, law firms and government agencies.

There are smaller examples too. Some bank customers who want to pay their credit card bills by GIRO from an account at another

bank can still be asked to complete an interbank GIRO form and mail it in.

We have made paying \$5 seamless and extraordinarily digital. Why do these pockets of manual transactions stubbornly persist?

LEGACY FRICTION

One key reason why some transactions are still stuck on paper is legacy friction: Many processes were designed around paper, physical signatures and face-to-face interactions, and digitising one part of that does not necessarily digitise the rest. If five participants in a transaction operate digitally but the sixth still requires a physical document, the

entire transaction inherits that bottleneck.

Solving this coordination issue is a mammoth task that involves redesigning transactions from end to end, rather than digitising each part of it in isolation, but it is not impossible.

In September 2025, legislation was introduced to enable important steps in property conveyancing to be performed electronically. The Digital Conveyancing Portal (DCP) aims to transform the current paper-based conveyancing process into a paperless digital system for all property transactions in Singapore.

With its phased implementation, only selected transaction types will be

supported. The initial phase focuses on private residential resale transactions, beginning with the option-to-purchase process. A cashier's order may still be required for some purchases.

The same principle applies on a smaller scale to arrangements such as interbank GIRO. While the eventual payment is electronic, both institutions may not support the same digital process. They lack a common standard that allows their systems to recognise one another's instructions and records.

Indeed, a property transaction involves much more than transferring money from one bank account to another. The buyer may require financing. The seller needs certainty that the

money will arrive. Lawyers must establish that contractual conditions have been met. Central Provident Fund savings may be involved, stamp duties must be paid and, ultimately, legal ownership has to be transferred.

WHEN INCONVENIENCE IS THE POINT

But in other cases, there are good reasons for friction – or what is known as protective friction.

It can give a bank time to detect suspicious activity, require additional checks before a large sum is transferred, or prevent money from being released before the conditions of a transaction have been satisfied.

Speed and convenience can create risks of their own. When money can be transferred in seconds, a fraudulent transaction can also be completed in seconds. Singapore's experience with scams illustrates the trade-off. In 2025, there were 37,308 reported scam cases, with losses of about \$913 million.

In 81.8% of scam cases involving monetary losses, victims transferred the money themselves, often after being manipulated by scammers.

Measures that slow some transactions down can therefore be valuable. An additional identity check, more scrutiny of an unusual transfer or a delay before a large payment is released may

irritate a legitimate customer. But that inconvenience can create time for fraud to be detected or for someone to reconsider an instruction made under pressure.

DIGITISING THE ASSET ITSELF

The DCP addresses the coordination problem in home purchases. But it also opens up a longer-term possibility for even greater seamlessness, while remaining secure.

Suppose a buyer's funds could be verified digitally but are held until all the conditions of the sale had been satisfied. Once the relevant parties confirmed those conditions, the money could be released at the same time that the ownership interest was transferred.

Instead of relying on a sequence of separate actions that later have to be reconciled, the two sides of the transaction could be coordinated. Either the money and the asset change hands together, or neither does.

For an ordinary home buyer, that could mean fewer physical steps without sacrificing certainty, and potentially mean a shorter sale time for both public and private housing.

This possibility becomes even more interesting when we think not only about digitising the payment and legal process, but also about representing rights to the property digitally.

This is the idea behind tokenisation. A token is a digital representation of a specified right to an asset. Just as a share represents an interest in a company, a digital token could represent a defined economic interest in a property or in an entity that owns it.

Singapore's banks are already experimenting with this. In August, UOB and HSBC completed live cross-border transactions using tokenised deposits on Swift's digital ledger. Tokenisation could eventually serve two purposes. The first is transaction efficiency: Digitally represented money and property rights could potentially be coordinated and transferred once the necessary legal conditions are satisfied.

The second possibility is that some forms of property investment could become easier to divide. Instead of requiring one investor to purchase an entire property, regulated economic interests in that property could potentially be divided into smaller units.

This does not mean that every Singapore home should be broken into tokens and traded like a financial asset. Housing serves social and policy objectives that go well beyond transaction efficiency.

Furthermore, putting an asset into digital form should not provide a way around Singapore's

property rules. A well-designed system could strengthen compliance by checking eligibility requirements, ownership restrictions and applicable taxes as part of the transaction itself.

DIGITISE THE ASSURANCE, NOT JUST THE PAYMENT

Many of the physical processes that remain persist because transactions are at the intersection of banks, lawyers, regulators, government agencies and legacy systems, or because some friction serves a useful protective purpose.

The goal should not be to eliminate every piece of paper or make every payment instantaneous. Instead, we should ask what assurance that paper once provided, and how we can provide it better digitally.

Singapore has already transformed how money moves. The next opportunity is to make the claims on assets around that money just as digital, while keeping the safeguards that make them trustworthy.

• Daniel Rabetti is the Presidential Young Professorship assistant professor of accounting and finance at the NUS Business School, and a fellow at the Asian Bureau of Finance and Economic Research. The opinions here are the writer's own and do not represent those of the National University of Singapore.