

OCBC expects fledgling electric vehicle loan business to grow 250%

By Wong Pei Ting
wongpeiting@sph.com.sg

OCBC Bank said on Thursday (Aug 18) that its "Eco-Care" electric vehicle (EV) loan business has more than doubled since launching in March 2021.

"With the surge of demand and interest in EVs, the bank expects the overall OCBC 'Eco-Care' car loan business to achieve growth of more than 250 per cent by the end of the year," OCBC said in a statement.

OCBC's EV loan rate currently stands at 2.18 per cent per year, with up to 9 months of free charging depending on the driver's property type. That is a preferential borrowing rate compared to 2.48 per cent for a petrol or diesel car. EV loan rates of DBS and UOB are at 2.28 and 2.08 per cent per annum respectively.

OCBC is looking to boost the business further through a tie-up

with the National University of Singapore to explore ways to nudge consumers toward EV adoption. The study will look at 3 months of anonymised data of 32,000 OCBC customers, including those relating to their transit spending, fuel purchases using the bank's cards and EV transition rate, OCBC and NUS said in a joint statement.

The bank said the study can help "further refine and tailor its green products to make them more attractive to customers".

Bank customers seen as having a high likelihood of replacing their cars in the coming years will be selected for the study, which is poised to become Singapore's largest dedicated study on the motivations of EV adoption, the research partners added.

OCBC's head of consumer financial services in Singapore, Sunny Quek, said the bank embarked on the study as it believes more needs to be done to speed up EV adoption

rates given the urgency of the climate crisis.

"Only by understanding what makes consumers tick, and which factors really tip the scale for them in favour of EVs, can we effectively encourage our customers to go green," he said.

EVs currently make up less than 1 per cent of Singapore's total car population, according to the Land Transport Authority (LTA). It is widely understood that EV adoption had been slow as the upfront cost to buy an EV is higher than that of internal combustion engine (ICE) vehicles.

In stating the goal to phase out ICE vehicles and have all vehicles run on cleaner energy by 2040, LTA had said the cost parity is expected to be closed by the mid-2020s.

Results of the study are expected to be released in the second quarter of 2023.

The research team will be led by associate professor Alberto Salvo,



The anonymised data of 32,000 OCBC customers, including those relating to their transit spending, fuel purchases using the bank's cards and EV transition rate, will be studied over 3 months. PHOTO: ONG WEE JIN, ST

who is the deputy head of research at NUS' economics department. His team is fielded by environmental and behavioural economists from the NUS Global Asia Institute, where Prof Salvo is associate director, as well as an expert on the US

and Chinese EV markets from Cornell University.

Speaking at the launch event of the study, which is just the first of a series of sustainability research conducted with NUS, OCBC's group chief executive officer (CEO) Helen Wong stressed that sustainable finance is "definitely high" on the bank's sustainability agenda.

Noting that the bank's sustainable financing commitments has grown to S\$37 billion, putting it in a good position to achieve its S\$50 billion target by 2025, she said: "Climate action and sustainability are non-negotiable. Every one of us in the community must continue to play our part in the Race to Zero."

"This joint research collaboration is a small but important step on our journey towards building a sustainable world."

Several challenges surrounding EV ownership in Singapore emerged as talking points at the panel discussion during the launch event. A big question mark is how well the Singaporean habit to "chope" seats might translate to the hogging of charging points in car parks.

To "nudge" people away from this unwanted behaviour, Goh Chee Kiong, the CEO of Charge+, suggested that an idle fee of S\$2 can be imposed for every 15-minute block a fully-charged EV stays at the lot after a grace period of 1

hour.

"This would change behaviour because Singaporeans hate fines (as much as they hate to wait)," he quipped.

But he also cautioned against such charges applying past a certain hour in the night, since it is not reasonable to expect EV owners to move their cars past midnight.

For drivers who might then ask if there would be enough chargers to go around if overnight charging is allowed, Goh pointed out that the average range of an EV today is 400 km, so there is no need to charge the car every day.

"We need to develop that social habit where people would charge their EVs once every 5 days or so, if you live in a HDB or condo," he said.

"If you don't do that, if you are just so itchy finger, you come home and plug in straight away, what is going to happen is that then everyone will start hogging and there will not be enough EV chargers for the broader EV community."

With a ratio of 1 charging point to 5 drivers, the investment on EV charging stations would then make economic sense, he also said, adding that the authorities are acutely aware of this and have catered for a planning parameter for 15 per cent of all HDB parking lots to comprise charging points.