



EYE ON SINGAPORE

By ADRIAN LIM

Rules for taxi apps show they're here to stay

WITH the growing popularity of independent taxi-booking apps here, the Government recently announced a regulatory framework for these services, in a bid to safeguard the interests and safety of commuters using them.

At least five taxi apps have entered the Singapore market in the past two years, including Easy Taxi, GrabTaxi, Hailo, MoobiTaxi and Uber Taxi.

The market is set to grow further as investors pour money into these start-ups. GrabTaxi, which operates in Singapore and five other countries, has raised US\$340 million (S\$450 million) in 14 months, with the latest injection of US\$250 million from Japan multinational SoftBank announced earlier this month. San Francisco-based Uber raised US\$1.2 billion in June.

Unlike booking services offered by individual taxi operators, these apps offer commuters a higher chance of getting a cab, by allowing users to book taxis from any cab company. They also match drivers and passengers efficiently through the mobile device's location-based technology.

Last month, the Land Transport Authority (LTA) spelt out a broad framework of regulations for these app services, which include specifying fares upfront and having customer support services.

While the regulations will take effect only in the second quarter of next year, some worried if they would stifle start-up companies' innovation.

But app companies themselves aren't worried. Most say they already comply with the regulations and welcome the Government's move, as they feel they are now regarded as legitimate players in the taxi industry.

This is significant because their presence has been a contentious point for cab companies, many of which have invested heavily in their own booking systems. One cab operator earlier told its drivers not to use the apps.

App companies charge cabbies a small fee per match - revenue



which would have gone to the operators if the bookings were made through their own centres.

The Government's latest move, however, seems to suggest that the apps are here to stay, but they are laying down rules to make sure commuters' interests are looked after.

Do the regulations go far enough?

Some have suggested that app companies regulate cabbies' behaviour. But taxi-booking apps function as "middlemen" - they facilitate booking of cabs, but do

not provide a transportation service. So app companies cannot be held directly accountable for how cabbies and passengers behave towards each other during the ride. But they should be responsible for allowing only licensed drivers and taxis to use the app. This would prevent a recurrence of what was reported in April, when a commuter booked a cab through GrabTaxi but was met with a Ford car.

App companies will be kept on their toes, with penalties of up to \$100,000 per violation and even being barred from operating here

for severe offences. The stiff penalties ensure they will work harder to make sure drivers who sign up with the apps are licensed cabbies. This makes it safer for commuters to use them.

Regulations have other advantages. For one, they create a barrier of entry to "fly-by-night" app companies that may look to make a quick buck from the 28,000 cabs and 970,000 taxi rides made here every day.

Compared to taxi companies, ride matching services do not incur the hefty costs of buying and

maintaining a fleet of cabs. An industry source said it may take as little as under \$20,000 to set up a basic booking app.

Getting app companies to register with the LTA, with every successful application being valid for three years, sends the right signal that only serious players are welcome.

Too many apps can fragment the market. Whenever an app company enters a new market, it goes all out to woo drivers to use their system, dangling monetary rewards for fulfilling a certain

number of pick-ups and offering free smartphones preloaded with their app.

This may cause cabbies to flock to taxi app companies offering them the best incentives, and users having to change apps or use multiple ones concurrently to maximize their odds of getting cab.

Regulations also help curtail unwanted practices that distort the market.

A case in point is the no bidding, no tipping rule. The GrabTaxi app used to allow commuters to offer tips or bonuses for cabbies to pick them up. But this practice was frowned upon, for fear that taxis will become biddable commodities, with drivers wanting to pick up only commuters offering the highest dollar.

Imagine if cabbies take to waiting for desperate passengers to dangle fat tips before they decide to start their engines. The regulations forbid such tipping.

But while useful, some think the regulations can do more. Right now, cab companies have to meet a Quality of Service standard, which require 92 per cent of customer calls to their dispatch centre to be successfully matched with a taxi.

Making app companies fulfil a similar standard will level the playing field and raise the efficiency of taxi booking here.

Perhaps future regulations can require companies to share their data collected, about where passengers request for cabs and how easily they get them. This can help the LTA study the oft-lamented mismatch in supply and demand.

Singapore is not the first city to impose regulations. Some cities ban taxi-booking apps outright. In Shanghai, cabbies can't use the apps during peak hours because there is concern that they will neglect street hails and focus on app requests to earn booking fees.

This does not seem to be a problem yet in Singapore.

But if apps take off in a big way here, and more cabbies use them exclusively, there's a risk here too that roadside pick-ups will fall, which would affect the less tech-savvy.

That might then require a new set of regulations - but for now, those proposed are sensible and will create more peace of mind for taxi app companies, cabbies and commuters alike.

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