

# Singapore's Financial Services Sector

## I. Trends in Provision of Financial Services:

- a) Liberalization
- b) Mergers & Acquisitions
- c) Concentration of financial services in certain financial centers

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## II Assessing Singapore's Financial Sector:

### Tier One: Capital and human resources

- Capital resources:
  - Quality of infrastructure in communication (Table 1), and
  - Level of technology standards (Tables 2 & 3)

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- Human resources:
  - Availability of finance skills domestically (Table 4)
  - Competence of domestic managers (Table 5)

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## Tier Two: Regulatory regime and inherent characteristics

- Regulatory regime:
  - Transparency of FI s (Table 6)
  - Accessibility of local market to foreigners (Table ---). Look also at Table 8

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- Inherent characteristics:
  - Small domestic market -  
implies small domestic currency money and  
capital markets

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- Singapore can always try to build up its foreign currency-denominated money and capital markets like London and Hong Kong.
- But this can be hard as these markets tend to stay “at home”.

Compare the growth of the Samurai bond market, yen-denominated equity market, and yen money market with those outside Japan (e.g., Euro-yen bond and Euro-yen money markets)

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Singapore and Hong Kong can be centers for:

- Asset (or fund) management
- Foreign exchange trading (with less yen-US\$ business compared with Tokyo)?
- Derivatives trading
- Euro-currency trading (with less Euro-yen business compared with Tokyo)?

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- Appropriate Roles for Singapore:
  - Singapore as a complementary unit in the Asian Cluster, with Japan as the node
  - Singapore as a node for the Southeast Asian cluster (This cluster can include the Australia, NZ, and India)