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
Singapore’s Financial Services Sector

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)
Singapore’s Financial Services Sector

- Human resources:
  - Availability of finance skills domestically (Table 4)
  - Competence of domestic managers (Table 5)
Singapore’s Financial Services Sector

Tier Two: Regulatory regime and inherent characteristics

- Regulatory regime:
  - Transparency of FIs (Table 6)
  - Accessibility of local market to foreigners (Table ----). Look also at Table 8
Singapore’s Financial Services Sector

- Inherent characteristics:
  - Small domestic market - implies small domestic currency money and capital markets
Singapore’s Financial Services Sector

- 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)
Singapore’s Financial Services Sector

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)?
Singapore’s Financial Services Sector

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)