Lee Hsien Loong: Financial sector liberalisation - going global

Speech by Mr Lee Hsien Loong, Chairman of the Board of Directors of The Monetary Authority of Singapore and Deputy Prime Minister, at the Monetary Authority of Singapore Work Plan Seminar, held in Singapore on 3 April 2000.

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1. Introduction

Since 1997, while the Asian region was undergoing a traumatic crisis followed by a sharp recovery, the international financial scene has not stood still. Financial innovation has continued unabated, institutions are rationalising and consolidating, and transactions and services are rapidly going electronic and online. Singapore has been directly affected by these global trends.

It is as well that we pressed on with our financial liberalisation programme despite the crisis. MAS and the industry have had a busy two years. It is timely now to take stock of what has been achieved, and map out the tasks ahead.

Our objective has been to open up the financial sector, progressively but decisively. We have aimed to allow market forces greater free play, get investors to take full responsibility for their decisions along with the outcomes, and shift MAS' emphasis to setting the framework and upholding standards of integrity and supervision. Ultimately, we aim to become a vibrant and dynamic global financial hub. How much of this vision have we so far realised?

2. Financial sector reform - concrete changes

We have made many concrete changes across the financial services industry.

In banking, we have increased competition by introducing Qualifying Full Bank privileges, issuing more restricted banking licences and providing greater flexibility for offshore banks. Local banks have greater strategic autonomy and operational flexibility now that the limit on foreign shareholdings has been removed and several regulations revised.

We have also opened up the stock market. The Singapore Exchange was the first in the Asia-Pacific to both demutualise and merge the cash and derivatives activities. SGX has made its listing requirements more flexible to cater to growth enterprises. We have loosened up rules on foreign listings in Singapore dollars, reduced capital requirements for securities firms, and eased other onerous restrictions. By 1 January 2001, commissions will be completely freed up. Access to trade on SGX, which is already being opened, will be fully liberalised a year later.

In the debt market, we relaxed restrictions on borrowing S$, to enable foreign players to issue S$ bonds. We set up the Approved Bond Intermediary scheme to encourage the origination, placement and management of debt issues in Singapore. We also increased the issuance of Singapore Government Securities and extended the maturity profile to ten years so as to create a more liquid government bond market.

The fund management industry now has access to a larger pool of CPF funds as well as government funds farmed out by MAS and GIC. New tax incentives and more flexible licensing requirements should also attract more fund managers here. As it is, fixed income funds are now being managed in Singapore, in addition to the traditional equity market funds. Fund managers are expanding beyond regional mandates to global markets.

Most recently, we liberalised the insurance industry which has, since 1990, been closed to new direct insurers. Insurance brokers who meet our requirements can now enter the market. We have also removed the foreign shareholder limit in local insurance companies.

3. Looking ahead

Looking ahead, our financial sector faces many more challenges. The global financial industry continues to evolve rapidly. The internet promises to reshape the industry. Trade liberalisation is steadily opening up national financial markets, both through WTO, and as a result of bilateral free trade agreements.

Global industry trends

In the developed countries, deregulation and increasing emphasis on shareholder value has contributed to continuing consolidation, both across financial industries and within specialised areas. Financial institutions are continuing to merge, as players seek global reach and economies of scale. This is happening not just to banks, but also to insurance companies and securities houses, plus exchanges which are being demutualised and turned into for-profit corporations. Mega-mergers used to be a largely American phenomenon, but they are now happening in Europe and even Japan, where rationalisation is long overdue. In the rest of Asia too, banks and supervisors are grappling with the issue. This is true not only here in Singapore but even larger economies like Hong Kong, Malaysia and Australia are debating the merits and demerits of the issue.

In this environment, huge universal banks like Citigroup, which offer a wide range of financial products on a global scale, may not be the only viable model. Specialist players still have opportunities to thrive, for example in investment banking, but only if they distinguish themselves through depth of expertise and distributional reach. They need to be specialists, and not just marginal players picking up the crumbs. Even the enlarged new Deutsche Bank has decided to consolidate and specialise, hiving off the management of its retail business segment. Smaller players may also survive as niche players, either with superior knowledge of particular markets or by leveraging on the distribution networks of larger players.

Secondly, in pursuit of shareholder value, institutions are cutting costs to the bone. Financial institutions are increasingly farming out routine back office processing, in order to derive economies of scale and to focus on their core competencies. They are outsourcing things like mortgage processing and credit card billings to specialists who handle these activities in bulk, using highly automated and streamlined processes.

The region

This trend towards consolidation means that in a geographical region institutions will increasingly prefer to centralise their activities in one single centre, especially for treasury, debt issuance, and capital market operations. In Asia, this will pose a strong challenge to Singapore, because it will strengthen the tendency for a single major hub to emerge, rather than several smaller ones.

Tokyo will perforce be the biggest financial centre in our time zone, because of the sheer size of Japan’s investment funds and its economy. But Tokyo has significant limitations - a high cost structure, domestically oriented financial markets, consensus-based decision making, and not least, a lack of English speakers. This creates room for at least one other major financial hub in Asia.

Singapore enjoys good economic cooperation with our Asian partners. We are well-placed to service the region, whether it is PSA, Changi Airport, or financial services. As the region recovers and grows, we hope to prosper together with Malaysia, Indonesia and Thailand. But our relationship with them is qualitatively different from Hong Kong’s vis-à-vis China. Besides, Southeast Asia is a smaller hinterland than China.

Therefore for Singapore to grow as a hub, we must extend our catchment area beyond Southeast Asia. Our orientation must be international, and not just regional. We have done this before. This is how we became the fourth largest forex centre globally and the leading centre for global derivatives trading in the Asian time zone. The challenge is to repeat this feat in new areas of competence. Developed markets and global players are already our customers. Singapore can be a portal, an intermediary or a market for them. Finding the right partners in strategic alliances will be critical.

We have a chance to succeed as a hub, as Asian countries gradually open up protected national markets to foreign players. It will not be easy. It will take time for countries and governments to accept the logic of liberalisation. Too sudden a change, however, will provoke a nationalist reaction.

This is happening in Thailand. The *Nation* reported that a group of nationalistic academics and businessmen, calling themselves the Nation Rescue Club, has attacked the government for selling off the country on the cheap. Its spokesman, a university professor, called on the Thai government to publicise details of the sale of Radanasin Bank to UOB, and Nakornthon Bank to Standard Chartered Bank. The group accused the government of striking acquisition deals which allowed foreign banks to take on virtually no risk since any future losses would be borne by Thai taxpayers' money.

But over time, if the globalisation wave persists in the financial industry, countries will eventually decide that the cost of closing themselves off is too great. They may then change their position, just as over the last two decades they have done in manufacturing, opening up to reduce import barriers, and promote MNC investments and exports. Malaysia's Governor of Bank Negara has said that Malaysia may open up its banking sector to greater foreign participation, though only after 10 years [BT 30 Mar]. So liberalisation will happen, although to varying degrees in different countries.

The internet

The internet is having a major impact on financial services. It is not just a more efficient distribution and marketing channel. It is opening up new financial applications and business models, and breaking down national barriers separating financial markets. Bill McDonough, the President of the New York Federal Reserve Bank, has described the internet as the most important strategic issue facing financial institutions today.

The best way to package and deliver financial services over the internet is not yet clear. In share trading, the success of discount brokers like eTrade, and ECNs like Island, is obvious. There is also promising potential for trading fixed income instruments and derivatives online. But for other financial services, institutions are still experimenting with different business models and approaches. They all know that a new generation of customers will want to do business over the internet, and banks will have to meet this demand or lose business to new players.

The internet has also created new roles in the financial services value chain, e.g. infomediaries, or intermediaries which gather and present information on financial products offered by different financial institutions, so that consumers can compare prices and quality at the click of a mouse before committing to a specific product like mortgages, insurance packages and loans.

Financial institutions will need to gear up to participate in electronic commerce. For them, the internet means not only new business opportunities, but also fiercer competition, including across borders. It will create new risks, which they must recognise and manage.

Financial supervisors need to understand the nature of the new internet based activities. They must decide whether the new species of players are fish or fowl, in order to regulate them appropriately. In the borderless internet world, cross-border provision of services will be harder to police and regulate. Supervisors will have to cooperate much more closely, sharing information and coordinating responsibilities.

WTO

Trade liberalisation at the WTO, particularly liberalisation of trade in services, will gradually open up financial markets. This will increase competition in our domestic market, but it will also give us better access to foreign markets, and protect our rights in case of disputes. On balance Singapore will benefit, and so should our institutions, provided they prepare themselves.

The General Agreement on Trades in Services (GATS) under WTO is already exerting an important effect, giving us meaningful protection. For example, it was a decisive factor in our favour in the CLOB dispute.

We finally settled CLOB on acceptable terms without actually going to the WTO. But our rights at the WTO were a major factor which helped bring about this outcome. This measure of protection afforded by WTO's multilateral framework gives us additional strategic reason to pursue the liberalisation of financial markets, ours as well as other countries'.

Free trade agreements

But we need a fall-back position in case WTO runs into trouble. After the fiasco of the Seattle Ministerial Meeting, such a scenario has become less unlikely. This is why we are pursuing free trade agreements (FTAs) with several potential partners. These FTAs will lead to further opening up of the financial sector.

Other countries are doing the same. The EU is enlarging its markets through FTAs with East European, African and Latin American economies. North and South America, including the US, aim to conclude a Free Trade Area of the Americas by 2005. Japan and South Korea have mooted the idea of a Northeast Asia FTA, but otherwise, amidst this flurry of activity, Asia has been conspicuously quiet. Our FTA strategy is an insurance policy so that we will not be left out in the cold, should a weakened WTO fail to protect our interests.

In every FTA negotiation, our partner will ask for bilateral trade concessions beyond what we have committed in WTO. Our regime for trade in goods is already almost totally open. What many of our FTA partners want is preferential market access in services, in particular in financial services. For the US, this would be a major motivation for their considering an FTA with Singapore.

Singapore financial institutions must clearly brace themselves for the greater competition this development would bring.

4. Financial sector reform - a change in mindset

Our response to these challenges must be to press on with liberalising and upgrading in the financial sector. The key shift is in the mindset of the players. We must be keenly aware of the changing environment, and of the urgency to respond. For all the concrete changes over the last two years, changing mindsets will be even harder. And mindsets must change on all sides: the financial institutions, the investing public, and the MAS.

Institutions

In the recently liberalised industries like banking, insurance and stockbroking, institutions need a sense of urgency, to be aware that even if they are not immediately threatened they will be unless they act soon.

Singapore bankers used to feel very comfortable about things. To quote one who knew that the salad days would not last: "As a banker, all I need to do is to do what MAS tells me to do, and not do what MAS disallows, and the bank will make money".

Contrast this with what Rolf Breuer of Deutsche Bank said in London two weeks ago: "There is a sense of being insecure, afraid and uncertain. The markets have changed, the customers have changed, and the competition has changed. On the internet, many traditional banking services are obsolete". [reported in Straits Times]

Fortunately, attitudes in Singapore are also changing. Mr Wee Cho Yaw, in announcing good results for UOB this year, said that he foresaw fierce competition ahead. Straits Times reported [25 Mar]: "the outlook is OK for the next one or two years, but beyond that is an open guess. Three to four years on … I don't know … how the big banking giants will affect us, but I assume margins will be squeezed". Mr Wee is one of our shrewdest bankers and the industry would do well to take note that he is worried.

Local banks have upgraded their corporate governance. They have renewed their boards, appointed nominating committees, and emphasised recruitment of talent, including from abroad. The structures are now in place. But getting the new forms to work as intended will take time and effort. Banks must persevere to strengthen their boards and management, their systems of recruitment and promotion, and their ethos of shareholder value, meritocracy and professionalism.

Investing public

The public needs to shift more towards an investment rather than a punting mentality. Few fully appreciate the meaning of caveat emptor: that they take responsibility for their own investment decisions, and accept the risks along with the upside. Unfortunately this is only brought home when the market crashes, or when problems surface.

The tech stock mania has reached Asia. Even Abby Cohen of Goldman Sachs, the foremost Wall Street bull, last week sounded a cautionary note about tech stocks, and stressed the importance of a diversified investment portfolio. In Hong Kong, tom.com was 669 times over-subscribed. An old lady queuing up for her application form was heard to ask "What is the internet"? People believe that tom.com is a sure bet, even though it has no business and no revenues to date.

Mr Andrew Sheng, Chairman of HK's Securities and Futures Commission, has been trying to cool the frenzy. But he told me that investor education does not work. This is the universal lament of regulators. As Securities & Exchange Commission Chairman Arthur Levitt Jr said recently, "No government agency can protect you from your own foolishness".

Our dot-com mania is much milder, but Singaporeans too are carried along by the general enthusiasm for tech stocks. MPs have already expressed concern about SGX's more liberal listing rules, because they fear the public does not understand the risks, and may even believe that the government approves of the companies, or else it would not have allowed Singaporeans to invest in them. Much as we hope to prevent the dot-com enthusiasm from getting out of hand, we cannot go back to merit regulation, judging the business merits of IPO candidates. The surest form of investor education is to get burnt. But we hope the lesson, if it comes, will not be too painful.

MAS

As the regulator, MAS must continue to build up its expertise and new skills, to better understand and recognise the different types and magnitudes of risk faced by financial institutions. This will equip us to assess the adequacy of systems and capabilities set up by financial institutions to manage risk, and to craft appropriate supervisory responses.

We seek to regulate with a lighter touch, but a lighter touch does not mean doing less. Risk-focused supervision is more difficult to do than taking a one-size-fits-all approach. It demands much greater understanding of the business and risk profile of the institution and the exercise of judgement as to where dangers may possibly arise. We are already doing more regular on-site inspections of financial institutions, and we are building up expertise in risk management. But to shift fully to risk-focussed supervision will take longer.

At the same time, as regulators, we must learn to accept that there are risks in allowing financial institutions to innovate. It is a supervisory challenge that we simply have to manage. We used to be able to add on many layers of bullet proofing, in the hope of reducing risks to the bare minimum - substantial capital requirements, plus hidden reserves, plus unrealised valuation surpluses, etc. The cost was a sluggish industry and low returns. This is no longer viable.

We must be more explicit in assessing the risks, and in setting the safety margin that we require. We expect institutions to comply with our requirements with some to spare, and not to try to game the rules that have been set. They must make prudent commercial decisions, which rules alone cannot compel them to do. Banks and life insurance companies in particular have a special responsibility to safeguard the interest of depositors and policy holders. But within these limits institutions will also want to mobilise their balance sheets and maximise shareholder returns, and we must allow them to do so.

Risks are a matter of judgement as much as calculation. Different MAS officers will not necessarily all take the same view of what risks are acceptable. The officers responsible for supervision will naturally be more conservative than those promoting the financial sector. Managed well, this tension is constructive. Officers must continue to speak up and express their views, even though they may sometimes be overruled.

With this approach to regulation, it is imperative for MAS to foster closer cooperation with the industry. We have made a serious effort to build a constructive exchange and dialogue with the private sector. We must continue to strengthen this culture of openness. Central bankers must treat some matters with the utmost discretion, to be discussed only in hushed tones among a select priesthood. But we cannot do all our business this way.

In our day-to-day dealings with the financial institutions, we have to be constantly willing to explain the rationale for decisions and policies. At the same time, we must listen to proposals and ideas from the industry and feedback. As we continue to liberalise, we will need inputs from industry participants on many issues. We have to understand the industry's point of view, and yet not be captured by the industry we are regulating. This mindset must permeate the whole of MAS, to every staff member.

5. Industry specific issues

Banks

The first priority for banks is to upgrade their capabilities and strengthen their management teams. This is the only way for them to hold their own in the new environment, either by themselves or linked up with others in a strategic alliance or merger. Banks also need to prepare themselves for new business opportunities, especially e-banking.

MAS will track the progress of the banking liberalisation programme. We will review the status next year, and decide on further steps to open up the sector. Local banks will come under increasing pressure, not from MAS, but from the rapid changes in technology and the market. The banks will have to continually reassess their competitive positions and strategies, and adapt themselves as conditions change.

MAS will continue discussing with the local banks ways to increase bank transparency further, for example by disclosing more information on remuneration and incentive structures, related party transactions, the banks' risk profiles and their risk management processes. Greater disclosure will reinforce corporate governance. Singapore banks are ahead of most of their Asian counterparts in these two areas, but they are still some way from the best international practices.

We are reviewing the current Minimum Liquid Assets and Minimum Cash Balance requirements imposed on banks, and the capital requirements for financial holding companies and banking groups. This is part of the shift from regulation to supervision, replacing "one-size-fits-all" requirements with a more "tailored" approach. We should not unnecessarily disadvantage Singapore banks vis-à-vis foreign competitors.

We are reviewing bank involvement in non-financial activities, and the cross-holding structures typical of Singapore banking groups. An appropriate separation between financial and non-financial activities is important to minimise the risk of contagion and ensure that management is focussed on the core business of banking. This is a complex issue, which MAS will study carefully, and discuss with the banks. Changes to existing rules can have major implications for the players, so MAS will take care to give them enough time in the implementation, to make the adjustments without disrupting the markets.

Insurance

Insurance companies need to raise their standards of professionalism and proficiency. They must become more efficient and upgrade customer service. They must also become as competent as professional fund managers in managing their funds. I hope that the liberalisation of the industry will give them the competitive impetus to do so.

Moving forward in a liberalised insurance market, MAS needs to promulgate a framework for capital adequacy that is risk-based and which enhances standards of corporate governance and market conduct. This will encourage innovation in the industry while at the same time guard the interests of policy holders. MAS will also work with the industry to raise disclosure standards to international best practice. We have formed a committee comprising leading industry representatives and MAS officials, to recommend changes to improve the efficiency, transparency and quality of distribution of insurance products. This will include the study of alternative distribution channels such as the internet, direct marketing and bancassurance.

In developing the insurance industry, we aim to service emerging opportunities in the Asian market. We will also promote new insurance activities, such as specialised underwriting skills and Alternative Risk Transfer (ART) activities.

Capital markets

In addition to sound and forward-looking financial institutions, it is important that we develop broad and deep capital markets. These are two complementary pillars of a vibrant and dynamic financial hub.

Our domestic markets alone will not sustain the depth, breadth and resilience needed by liquid capital markets. It is thus critical for us to develop the equity and debt markets to help service Asian needs, and be linked up with global markets.

Foreign companies must find distinct advantages to list on SGX, or to issue bonds in Singapore. They want to raise capital at the lowest cost, and find liquidity and support for their securities in the secondary market. This requires adequate interest from local and foreign investors for securities issued in Singapore. We must thus offer investors easy access to trading securities and derivatives in Singapore, as a key Asian leg in their global cycle.

Equities

In the equities market, although SGX was the first exchange in Asia to merge and demutualise, in other areas, other countries are ahead. For example, we have been slow to develop online trading. To get more shares traded online, SGX will build up IT capacity and systems at the exchange and the brokerages, and ensure that prudential safeguards are in place. SGX is also considering faster liberalisation of commissions for on-line trading, so that it need no longer regulate what brokers charge and whether they give customers discounts.

SGX must attract more foreign companies to list and trade actively in Singapore. This will not be easy. Unlike with bonds, equities still tend to be traded most actively in the exchanges where they have primary listings, either their home countries or nowadays perhaps NASDAQ. The NYSE lists many foreign companies as secondary listings, but these foreign shares are much less liquid than US shares.

SGX should also seek alliances with other exchanges, both in the region and globally. Exchanges worldwide are transforming themselves and consolidating, even faster than anyone expected just a few months ago. So SGX must forge these links quickly, and position itself to collaborate with other major players. On the futures side, the SGX-DT (formerly SIMEX) linkup with CME, and now as part of the Globex alliance, was a vital strategic move. On our part, MAS will help to facilitate such alliances, by continuing to seek agreements for regulatory cooperation with foreign regulators.

SGX will face competition as an exchange, just like the brokers. In the US, ECNs pose a significant challenge to NYSE and NASDAQ. This is partly because NYSE and NASDAQ are less efficient than

ECNs, and partly the result of regulatory arbitrage. If SGX is to hold its own against competition, it must not leave openings for ECNs to exploit.

MAS will develop appropriate supervisory oversight over SGX, as a profit-oriented exchange. We are also looking to further improve disclosure standards of listed companies. For individual brokerage firms, we are taking measures to help them improve their competitiveness. These include moving to risk-based capital requirements and allowing brokerages to enter new businesses such as fund management and corporate finance. This will encourage them to go into higher value-added activities such as product origination.

Debt

We have made significant headway in developing the S$ debt market. Last year saw S$9.2 bn worth of non-government S$ issues, more than double the amount raised in 1998.

To promote the bond market further, MAS will address both the government as well as statutory board issues. We will improve the efficiency and liquidity of the SGS market, and do more to encourage institutional investors to participate in the market. We have worked out a package of measures for this purpose, which we will announce soon.

We will encourage more GLCs and statutory boards to tap the bond market for their funding needs. To broaden and deepen the debt market, we are studying ways to promote asset-backed securitisation, in particular mortgage-backed securities (MBS). We will also look at the feasibility of establishing a mortgage corporation. This would pool mortgages from financial institutions so as to jump-start the development of the MBS market.

Sustaining a flow of foreign issuers remains the fundamental challenge. Global issuers will seek to diversify their funding currencies, and we have to offer Singapore as an efficient and credible marketplace, with the Singapore Dollar a stable and reliable currency of funding. Asian borrowers will also turn increasingly to the bond markets to reduce their reliance on bank funding. Singapore can offer Asian borrowers a venue to raise capital, not necessarily in S$, by reaching out to Asian-based investors who will be more familiar with their businesses, and will view their risks with less apprehension than investors outside Asia.

We recognise that the liquidity of the S$ market, and MAS rules to discourage the internationalisation of the S$, constrain the growth of the bond market. We are not likely to change our basic stance against S$ internationalisation. But we have relaxed the specific restrictions, and will continue to review regularly how much further we can safely go.

International bond markets are rapidly moving towards electronic trading, as equity markets have long done. This will tend to concentrate bond trading in a few centres around the world - London, New York, and perhaps one Asian centre. Singapore will contend to be that Asian centre. But trading alone is insufficient to make us a major hub for capital markets in Asia. We must attract and develop expertise in originating and structuring debt issues and products, areas where we have traditionally lagged behind Hong Kong and the more developed markets.

Fund management

The Government will continue to put out more money for the fund managers to manage. We will also encourage individuals to be more active in managing their own retirement savings. Retirement funds should earn higher returns than the risk-free interest rate offered by the CPF Board. Some have suggested that the CPF should therefore raise its interest rate, but that would be the wrong approach. It is far better to get individuals to invest their funds directly, instead of relying on the Government to do it for them. This will not only be better for developing the fund management industry. It will also promote the spirit of self-reliance and personal responsibility that is essential to Singapore’s success.

Dr Richard Hu announced in the Budget Speech that MOF will introduce a Supplementary Retirement Scheme. This is a tax-advantaged vehicle for individuals to save for retirement, over and above CPF contributions, like US 401(k) accounts. If this scheme takes off, it will give a boost to the fund management and annuities industry.

But the main issue is the CPF funds themselves. The CPF already allows members to invest their savings in unit trusts or other privately managed long term investment schemes. But most members still just leave their money with the CPF. We should find more effective ways to encourage and enable CPF members to look after their retirement

6. Conclusion

There is no turning back from our quest to liberalise and to go global. We will continue developing a more open and competitive environment, in order to create a dynamic and vibrant world-class financial centre.

In this new regime, local financial institutions must upgrade and match international standards of management and technology, or risk becoming marginalised. MAS will work together with the industry in their efforts to meet this challenge.

We need to build up a critical mass of players and activity in our capital markets. Refining the rules, developing liquid capital markets and promoting the asset management industry will provide the basis for attracting this critical mass.

Shifting our regulatory regime to a more flexible risk-based supervisory approach will encourage existing and new players to innovate, expand, take a bolder approach and introduce new services and products. But we have to recognise that opening up means exposing ourselves to more risk. The balance between prudential concerns and liberalisation is a fine and dynamic one. To keep this balance, we need to be vigilant, and to respond promptly and flexibly to the rapid developments.

MAS therefore has its work cut out for itself. We must build MAS into an organisation able to carry out the important and difficult tasks that have been entrusted to it. We have reorganised and reinforced our departments in line with our expanded mission. We are training and developing our people, and growing our talent pool through further recruitment. We have worked hard at sharing MAS' vision with our people, to get them to work together and not separately, or worse at cross-purposes. We have had some success, and therefore we must now try harder still to do better.

However, MAS does not exist in a vacuum. A competent MAS is part of the Singapore Government, just as a vibrant financial hub is part of the Singapore economy. To succeed as a financial hub depends on more than financial reforms. The overall social, economic, and political climate and policies need to be sound. Similarly, MAS can function effectively only because the Singapore Government as a whole is honest, efficient, and committed to public service. If MAS does its work well, we will not only develop an international financial hub, but also contribute to the governance, stability and prosperity of Singapore.