

Tharman Shanmugaratnam: The Gallery – promoting Singapore’s central bank role and mission

Remarks by Mr Tharman Shanmugaratnam, Chairman of the Monetary Authority of Singapore, at the Opening of the MAS Gallery, Singapore, 16 February 2016.

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ESM Goh Chok Tong

Family members of Former Chairmen, Mr Hon Sui Sen and Dr Goh Keng Swee, and of former Managing Director Mr Lim Kim San

Former Managing Directors, Mr Michael Wong Pak-Shong, Mr JY Pillay and Mr Lee Ek Tieng

Current Board members

Members of the MAS management and staff,

and especially, MAS Pioneers

Thank you to everyone for coming to the opening of our MAS Gallery.

The Gallery is aimed at helping the public understand the mission of the MAS, and its role in promoting both growth and stability of the Singapore economy and financial system.

The Gallery aims to help the public understand

- how we keep inflation low over the long term through MAS’ policies in managing the exchange rate of the Singapore dollar,
- how we supervise the financial sector – the banking, insurance and securities industries - to ensure confidence in our financial system,
- how we promote the development of a vibrant financial centre that serves a good part of Asia and in some respects the rest of the world,
- how we also seek to ensure that the financial system serves the interests of consumers, and how we try to help Singaporeans manage their finances well.

The MAS staff responsible for the Gallery have put a lot of thought into its design and content. But the Gallery will keep evolving, and we will want it to stay relevant to Singaporeans young and old.

It is significant too that we are opening the Gallery in 2016, when we commemorate the 45th anniversary of the MAS. If we think about what we have achieved in these 45 years, what’s most precious is credibility. Credibility is the most precious asset that a central bank and a financial regulator can have.

The MAS’ credibility was founded in its early years. I want to mention the leaders and staff who were involved in putting in place these foundations of today’s credibility. Mr Hon Sui Sen in particular, our first Chairman (1971-1980), Mr Michael Wong Pak-Shong, who was the Managing Director, and the staff at that time, including Mr Ng Kok Song, Mrs Ong-Ang Ai Boon, Mrs Elizabeth Sam. Together they built an organisation, bringing together no fewer than nine different offices and functions in Government at the time, melding them together in one organisation.

They also set the foundations for an international financial centre. Singapore was not a serious financial centre until then. Mr Hon Sui Sen and his team built the foundation for a financial centre that went beyond Singapore. In Mr Hon’s words, said back in 1972:

“In Asia, Singapore now offers the best prospects for developing into a financial centre, if not for the whole of Asia, at least beyond the Southeast Asian or ASEAN region.”

So it started then, and continued through the years when Dr Goh Keng Swee became Chairman (1980-85). But the most important development in this second phase, starting when Dr Goh led the MAS, was the re-orienting of our monetary policy to one centred on the S\$ exchange rate. It was a novel policy at the time. We were one of the few central banks that managed monetary policy by focusing exclusively on the exchange rate. It was not conventional, but it has worked.

Through that second phase in MAS' evolution, with Dr Goh as Chairman and subsequently under Dr Richard Hu's chairmanship (1985-1997), we built credibility in our exchange rate-centred monetary policy. We also built credibility as a no-nonsense financial regulator. That was a very important second phase, in the 1980s and 1990s.

The third phase began when PM Lee Hsien Loong, then DPM, took over as Chairman of MAS (1997–2004), and continued through the years when ESM Goh was Chairman (2004–2011). It involved liberalising and opening up our financial sector to greater competition, and at the same time developing further resilience in the system.

This seemed a contradiction in terms to many countries – liberalising and opening up but at the same time developing resilience in the financial centre. But we have achieved both. We have managed the tension between liberalisation and developing resilience. I think we've managed it rather well. If you look at what happened during the Asian Financial Crisis and subsequently, the Global Financial Crisis, we have come out as one of the safest financial systems in the world.

So that was an important third phase – liberalising and opening the financial centre but also developing further resilience.

Our credibility today rests on each of these three major phases in MAS' development and policies – from the foundational years, to the period when we reoriented monetary policy and then in the last phase, liberalising and developing further resilience of the financial centre. The credibility has added up over the years.

I also want to say that MAS has become an organisation of excellence. This has particularly been due, in my opinion, to the organisational development efforts that began especially in the mid-1980s, when Mr JY Pillay came in as the Managing Director, followed in subsequent years by Mr Lee Ek Tieng.

There was a great focus on organisational development from the mid-80s. It happened that both Mr Pillay and Mr Lee Ek Tieng were amongst the most senior leaders in the public sector. They led the transformation of the MAS as an organisation of people. We developed an organisation that provided strong careers for individuals and ensured they worked as teams. It's been a very important effort, this organisational development.

And the third thing I want to mention that is very important to the MAS is its growth of professional expertise. MAS is a little different from some other parts of the government because it requires greater depth of expertise. We need serious specialists – people who spend years developing expertise and in particular fields of our responsibility. That too is behind our credibility, because you need some expertise to have credibility.

Through the years we have developed outstanding professionals – Ng Kok Song, Mrs Foo-Yap Siew Hong, who served us for 39 years, Ms Teo Swee Lian and many others. Our present Managing Director, Mr Ravi Menon, is another example, someone who grew up as a professional within the organisation. We have to keep developing professional expertise in each of the areas that we engage in.

When you add it all up, MAS is now one of the best regarded central banks and financial regulators in the world. And it is because of our people. Our people are very well regarded

internationally and as an organisation we punch above our weight. That comes from years building up our organisation and building up our people.

Finally I want to thank all the staff – our pioneers as well as current staff, in all the roles that you perform in, in various areas in MAS. Some of you have been through a few or even several departments in your career. I want to thank all of you for making MAS what it is today.

I hope this Gallery is a testament to your work in building up an MAS that has credibility, at home in Singapore and all over the world.