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"ITM 2025: Forging New Growth Pathways" - Opening Address by Mr Lawrence Wong, Deputy Prime Minister and Minister for Finance, and Deputy Chairman of the Monetary Authority of Singapore, at the Financial Services Industry Transformation Map 2025 Launch Event on 15 September 2022

MAS Board Members,
Industry Partners,
Distinguished Guests,

1. I am happy to be here today to share with you the road ahead for our financial services sector.
2. Singapore has come a long way in finance.
 - a. We emerged as an international financial centre in the sixties with the establishment and rapid growth of the Asian Dollar Market.
 - b. Over the decades, we've anchored reputable banks and other financial institutions here, and developed strengths in the capital markets, reinsurance, and wealth and asset management sectors.
 - c. Growth in financial services has benefited the rest of the economy – because of its strong linkages with professional services, ICT and other sectors, creating positive spillovers.
3. Five years ago, we took further steps to deepen our capabilities and grow the financial services sector.
 - a. Our vision was for Singapore to be a leading international financial centre in Asia, connecting global markets, supporting Asia's development, and serving Singapore's economy.

b. We set out our plans in the financial services industry transformation map or ITM.

4. I am happy to share that we have done well, in fact exceeding the targets set out in the ITM.

a. Take two broad indicators that we track.

b. We aimed for real Value-Added growth in the finance services sector to be more than 4% per annum over the period 2016 to 2020; in the end, we achieved an average growth of almost 6% per annum.

c. We aimed to create 3,000 jobs each year; in the end, we created more than 4,000 jobs each year; so from 2016~2020, over 20,000 net jobs were created in financial services.

d. These were good jobs, with most of them being taken by Singaporeans.

5. Beyond these headline numbers, there is growing buzz and excitement in the industry.

a. The FinTech sector is doing well.

b. Industry is harnessing technology to innovate, speed up and reduce costs, better manage risks, create new opportunities for growth.

c. Ultimately helping people improve how they manage their money, make payments and transfer funds.

d. We are also working on cross-border pilots, and connecting with partners overseas through the Singapore FinTech Festival – which is today, one of the largest events of its kind globally.

e. We are all benefiting from these changes.

i. E-Payments using our mobile devices.

ii. Easy access to consolidated information about our finances from multiple sources – including banks, CPF, SGX.

6. While our financial sector has done well, the external environment has become more complex and challenging.

a. We are only just recovering from the COVID-19 pandemic.

b. But we don't get to take a breather – we are now entering into a phase of elevated macroeconomic and geopolitical risks.

c. Key structural drivers like technology and digitalisation have the potential to transform and disrupt financial markets and services.

d. Finance must also step up and take bold steps to catalyse the transition to net-zero.

e. Amid all this, Asia remains a region with high growth potential in the global economy and we want to contribute to its growth.

7. We are therefore updating the ITM.

a. Look at ways to seize new opportunities while staying resilient against emerging risks.

b. And update our plans, strategies and targets for the next 5 years.

8. **First, we will continue to work with the financial industry to build on the strong foundations we've achieved across different assets classes – that means enhancing our value proposition, and anchoring more critical activities in Singapore.** Let me share some examples.

a. **Electronic FX trading** – About five years ago, seeing how the global FX industry was moving towards e-trading, MAS seized the opportunity and encouraged players to set up their Asian electronic FX pricing and matching engines here. Today, we have a strong electronic FX ecosystem, with key liquidity providers anchored here. In the next stage, we will buttress this ecosystem to offer a deep pool of FX liquidity and robust FX transaction execution capabilities to market participants in the Asian time zone.

b. **Another opportunity is in the private markets**, where there is strong growth potential. In 2020, the deal value for Southeast Asian private equity and venture capital (or PE/VC) deals totalled almost US\$9 billion. And this is expected to reach US\$70 billion by 2024.

c. In addition, we aim to broaden the spectrum of our private market capabilities by anchoring private credit managers in Singapore, to complement the PE/VC funding already available here.

d. We also see tremendous potential to develop Singapore into a **philanthropy centre in Asia**. There is growing interest among high-net-worth individuals and family offices to do more in this space. We will work with them to set up philanthropic foundations here, identify deserving causes in the region, and enable them to better track the impact of their giving. If done well, we can help uplift societies and contribute to Asia's development. This will add to our role as a dynamic and purposeful financial centre – one which provides a more holistic service for funds being managed in Singapore.

e. MAS will release details of strategies for each asset class, particularly for FX, insurance, funds, philanthropy, private markets, and FinTech.

9. **Second, we will accelerate our efforts to digitalise our financial infrastructure. I just spoke about electronic FX trading. There is scope to build a whole ecosystem of digital marketplaces and infrastructure, and to enable new and more innovative financial services.**

a. In **bond markets**, we see opportunities to develop infrastructure to facilitate more seamless end-to-end issuance, listing and settlement for Asian securities transactions.

b. In the **funds industry**, MAS is working with industry participants to pilot digital utilities to reduce settlement time, enhance the efficiency and transparency of post-trade funds settlement; and simplify investment due diligence for fund managers.

10. Third, we will do more to catalyse Singapore's and Asia's transition to a net-zero carbon future.

11. We all know that Asia is a key battleground where the war against climate change is to be fought.

a. Urgent action is needed. The financial sector must do its part – to mobilise capital through financing and investments that support the region's transition to net zero.

12. There are three key areas we are focussing on: the 3 “D”s of definitions, data and disclosure.

a. We need clearer definitions on what's considered green, brown and activities transitioning from brown to green.

b. We need data about projects to know which transition category they belong to, and track their progress in carbon emissions reduction.

c. To get the data, we need corporates to disclose high quality information about the projects.

d. These are fundamental building blocks, which are not well-developed in many jurisdictions. With these building blocks in place, we can expect more financial innovation and solutions in the sustainability space.

13. We have been doing a lot of work here, involving multiple stakeholders within and outside the financial industry.

a. The Green Finance Industry Taskforce (GFIT) ^[1] will finalise the criteria for identifying green and transition activities for eight key sectors in 2023.

b. SGX as well as MAS are stepping up efforts to strengthen the quality of sustainability-related disclosures for both listed companies and financial institutions.

c. On data, MAS is working with the industry ^[2] to launch Project GreenPrint ^[2] modules to simplify ESG reporting for corporates, and facilitate FIs and investors' access to such data.

14. As Asia makes its transition to net-zero, Singapore can be Asia's centre for sustainability solutions. This is the next area we want to focus on.

a. The transition to net-zero involves countries having to undergo major transformations across their economies, society, and infrastructure – sector by sector. We can expect growing market demand for new sustainable finance products and services.

b. Financial institutions can gear up to meet this demand and also catalyse action in key targeted areas, for example energy and fuels, transportation, construction, and the built environment sector.

15. In line with this, we will scale up blended finance. In particular, there is a need to crowd in more private capital into key projects such as energy transition infrastructure and nature-based solutions in emerging markets.

a. MAS is working with Multilateral Development Banks (MDBs), blended finance networks and philanthropic organisations to explore solutions where concessionary or catalytic capital can help to reduce the risk for private sector players, and make the projects more bankable.

16. To support all these important sustainability initiatives, the Financial Sector Development Fund (FSDF) administered by MAS will set aside S\$100 million grant funding over the next five years for capability building, green FinTech, climate risk and reinsurance, and new financing solutions.

17. Fourth, we will take proactive steps to shape the future of financial networks.

18. It is too early to say what the future financial landscape is going to look like 10 years from now. But there is tremendous potential for innovations like tokenisation and distributed ledger technologies to reduce the reliance on central parties or intermediaries. So the future may well involve more flexible cross-border digital financial networks and decentralised liquidity pools, enabling cheaper, faster and more secure payments and transactions.

19. In the near term, MAS has been pursuing new modes of cross-border payment linkages, which will better connect our businesses and people to key markets, regionally and internationally.

a. We are establishing bilateral real-time cross-border payment linkages with key regional partners – starting with Thailand (launched in April last year), then India and Malaysia in the coming months.

b. MAS will also look at developing a Proof-of-Concept for multilateral real-time cross-border payment linkages with ASEAN.

20. We are also involved in a range of innovations that may bear fruit over the longer-term.

a. MAS is **exploring the potential of distributed ledger technology** in promising use cases, particularly in cross-border payment and settlement, trade finance, and pre-and post-trade capital market activities.

b. We are working with the industry on projects to **explore the potential of tokenised real economy and financial assets.**

c. MAS is also **pursuing digital currency connectivity**, and initiating projects using wholesale Central Bank Digital Currencies (CBDCs) for cross-border payments and settlements.

21. At the same time, **MAS will evolve its regulatory approach to safeguard against new risks** that may emerge from digital asset activities. These include money laundering risks, technology and cyber related risks, safeguarding against harm to retail investors, upholding the promise of stability in stablecoins, and mitigating potential financial stability risks.

22. **In short, we aim to develop Singapore as a centre for innovative and responsible digital asset activities that enhances efficiency and creates economic value.** And we will do this with a developmental strategy and regulatory approach that takes a holistic and synergistic view towards developing the digital assets ecosystem.

23. **I've shared four broad strategies for our next phase of financial sector development. But the most important pre-requisite to achieve all this is people.**

24. To be a leading international financial centre in Asia, we will need the best talent, local and global.

a. Our talent strategy is two-pronged.

b. We know that we cannot build a regional and global financial centre with our local financial manpower alone.

i. Hence, we must continue to attract and retain top talent from abroad to form the best teams in Singapore.

ii. MOM's recent changes to the work pass framework, including the introduction of the Overseas Networks & Expertise Pass, or ONE Pass, will enable us to do so.

c. The other part of our talent strategy is to invest heavily in human capital in Singapore. That has and will continue to be a cornerstone of our development strategy.

25. **We want to build a skilled and adaptable Singaporean workforce in finance.** That means investing significantly in our finance professionals throughout their careers. MAS and the Institute of Banking & Finance (or IBF) have put in place a comprehensive suite of schemes to help develop entry level, professional, specialist, and leadership talent for the financial sector.

26. **Going forward we will do more. Today I am happy to announce the *Talent and Leaders in Finance* programme, which will invest more in skills training for our people, with a focus on developing more Singaporean finance specialists and leaders.**

27. There are several things we hope to achieve under this *Talent and Leaders in Finance* programme. **First, building competencies in key growth areas, and make training support available for Singaporean finance professionals at different stages of their careers.**

a. Take Brian Chiong from DBS as an example. When we were hit by Covid, Brian was laid off from his job at a global payments firm. He decided that it was an opportunity for him to upskill and specialise in cloud computing. So he registered for one of our technology immersion programmes. Through the programme, Brian joined DBS last year as trainee and was converted to a permanent staff in March this year, joining the Cloud team in DBS. He is glad for this career opportunity as it gives him exposure to different functions such as cyber security.

b. We will do more to help Singaporean finance professionals upskill continually and stay relevant to evolving industry needs.

28. **Second, we will nurture specialist talent, especially in growth areas like sustainability and tech.**

a. We will work closely with the industry to better understand your manpower and talent needs in these two areas.

b. And co- create effective strategies with FIs and our IHLs to develop the necessary skills.

c. E.g. for tech skills, the Singapore Institute of Technology's newly launched direct honours programme for Applied Computing (FinTech) equips students with in-demand tech skills such as software engineering and blockchain, as well as financial domain knowledge.

d. Updating the curriculum and training fresh graduates is one approach; but there are also other approaches.

i. Such as encouraging FIs to hire and train non-ICT graduates or professionals not in tech jobs currently to transit into tech roles in finance. We provide funding support for such conversion and training programmes.

ii. Polytechnic graduates are also another valuable source of talent to tap on; I am glad that more FIs and FinTechs are keen to hire polytechnic graduates across different roles, including in tech.

iii. For instance, OCBC Bank has curated an internship programme for polytechnic students to gain exposure to tech roles such as Data Visualisation and Machine Learning, and found many suitable for full-time employment after their internship.

iv. We hope this will encourage more FIs to consider and scale up the hiring of polytechnic graduates, especially through well-structured apprenticeship programmes.

29. Third, developing and nurturing more Singaporean leaders in finance.

a. We have already been doing this systematically over the years.

b. That includes encouraging FIs to identify high-potential Singaporean employees, and give them opportunities to develop and progress in their careers, as part of the organisation's leadership succession plans.

c. Through these efforts, we now have more than 3,000 Singaporeans holding senior roles in the financial sector. This is a substantive increase of more than 80% compared to 2016. For example, the panelists for the panel discussion later are all Singaporeans; and we also have many Singaporeans holding regional positions overseas.

d. We will do more to develop Singaporean leaders in finance.

i. Engage FIs on the expertise and skills that Singaporeans need to develop and succeed as leaders.

ii. Provide more opportunities for potential Singaporean leaders – e.g. through overseas postings, international exposure and training.

iii. Develop a stronger network of Singaporean leaders in finance, including mentoring for the younger ones, so we continue to support each other.

e. In the end, FIs will have to select and appoint their future leaders by merit – there is often intense competition for these top jobs.

f. But we will do everything we can to give Singaporeans that extra advantage by investing heavily in their capabilities and skills.

30. From 2021 to 2025, the FSDF will channel an estimated \$400m to support the *Talent and Leaders in Finance* programme.

a. This will help nurture more Singaporean specialists and leaders in Finance, and ensure that Singaporeans are able to take up good jobs that the financial sector will continue to generate in the years to come.

Conclusion

31. **This updated ITM or ITM 2025 is an ambitious one and delivering it will not be easy.** The road ahead will be a bumpy one that throws up both risks and opportunities.
32. **But we can draw confidence from what we have achieved so far together. Even in a complex and volatile world, Singapore can remain a bastion of stability, opportunity and innovation.**
33. **We can do so by working in close partnership with the industry – employers, unions and workers.**
- a. MAS has benefited greatly from this collaborative spirit which has underpinned the efforts in building our financial centre over the past decades.
 - b. Let us continue to work together as partners, as we chart our next steps forward together.
34. **At the centre of all this is people. We will be relentless in upskilling our people, developing expertise and creating more opportunities for Singaporeans.**
- a. With ITM 2025, **we expect the financial services sector to grow by 4-5% per year, creating 3,000 – 4,000 net jobs each year.**
35. If we do this right, our financial centre will continue to stay relevant and competitive, and be a key global financial node that connects global markets, supports Asia's development, and serves Singapore's economy.
36. We must build on what we have achieved in finance, and set our sights high. We can go further, together.

[1] GFIT is an industry-led initiative comprising representatives from financial institutions, corporates, non-governmental organisations, and financial industry associations. Its mandate is to help accelerate the development of green finance through developing a taxonomy, enhancing environmental risk management practices of financial institutions, improving disclosures and fostering green finance solutions.

[2] Project Greenprint is a programme under the MAS Green Finance Action Plan. It aims to harness innovation and technology to promote the green finance ecosystem, through the development of interoperable data platforms that aggregate new and existing sustainability data across multiple sectoral platforms and industry players, to empower financial institutions to mobilise capital toward sustainable projects in a more scalable way, effectively monitor their sustainability commitments, and quantify the risks and real-world impact of their portfolios.