

## **Chia Der Jiun: Charting a steady course in a changing world**

Opening address by Mr Chia Der Jiun, Managing Director of the Monetary Authority of Singapore, at the Investment Management Association of Singapore (IMAS) Annual Investment Conference 2025, Singapore, 23 April 2025.

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IMAS EXCO  
Ms Carmen Wee, IMAS CEO  
Ladies and Gentlemen

Good morning. I am delighted to join you today at the 28th IMAS Annual Investment Conference.

This year's conference theme – "Navigating an Evolving Landscape" – is apt but may be understating the environment we are in today. Fundamental shifts in trade policy and the geo-strategic landscape have led us into a period of heightened uncertainty in the global economy and volatility in financial markets. In this new landscape of uncertainty and volatility, the asset management industry plays an important role in sustaining investor confidence and contributing to the resilience of markets.

### **Role of Asset Management Industry to Manage Uncertainty**

Let me focus on 3 areas that the asset management industry can help in:

- a. One, build more resilient markets;
- b. Two, provide products and portfolios that meet investors' diversification and retirement needs; and
- c. Three, support better informed investors.

### **Resilient Markets**

There are several components that contribute towards more resilient markets. Transparency, market integrity and settlement efficiency are fundamental. Regulators have a role in putting these right. Market infrastructure operators also have a role. Trading venues should be liquidity enhancing rather than liquidity fragmenting. Margin requirements should be set at levels that avoid amplifying funding stresses.

Market participants too play a role. Leverage needs to be deployed carefully to mitigate procyclical deleveraging. To be clear, market functionality has generally remained resilient through stress episodes, including through the sharp market repricing of risks and uncertainty in April. But we are also all aware of episodes where volatility spiked and market functionality deteriorated. In August last year, Japanese equities fell sharply and VIX spiked following the unwinding of leveraged carry trades. Earlier this month, 10-year Treasuries rose 50bps over a short period of time, while the dollar weakened. A commonly heard attribution has been the unwind of leveraged trades. Crowded leveraged trades are vulnerable to changing policy, economic and market conditions. Market resilience is better assured through a diversity of market participants, employing

a myriad of strategies which provides depth and two-way flows. Let me give the example of Singapore's FX market, where MAS had sought to foster a diverse ecosystem of market participants to support depth and stability.

a. In FX markets, we made efforts since 2018 via our Foreign Exchange E-Trading ("FXET") initiative, to strengthen infrastructure capabilities. This has improved pricing and trade-fill efficiency while reducing latency. Over time, a diverse group of FX players have anchored their matching and pricing engines in Singapore to serve regional market participants. This enhancement of FX capabilities and infrastructure has supported FX price discovery and market functionality in this region during both Business-as-Usual and under stressed periods. Our eFX ecosystem continues to grow well with a diversity of market participants including platforms, banks, real money, hedge funds, and corporate treasuries. This has contributed to Singapore's continued growth as a leading FX hub in Asia, with the average daily traded volumes crossing US\$ 1 trillion in 2024.<sup>1</sup>

At this time of heightened uncertainty, MAS is closely watching that Singapore's foreign exchange and S\$ money markets continue to function in an orderly manner. We also monitor the functionality of key funding markets in coordination with central banks globally.

### **Products and Portfolios that Meet Diversification and Retirement Needs**

Let me turn to my second point. Asset managers are key to providing fund products that serve the savings and retirement needs for our region. Their products should contribute to portfolio diversification and help investors manage market volatility while investing for the long term. In building and delivering such products,:

- a. Asset managers must have in place an effective liquidity and market risk management framework. There is a need to run regular stress testing on your portfolio risks under conditions when volatility spikes and correlations break down. Funds should also stress your ability to handle redemption spikes amidst adverse market movements. Global regulatory bodies such as the FSB and IOSCO have made calls for further enhancements to strengthen the industry's resilience in both normal and stressed market conditions, by reinforcing consistency between the funds' investment strategy and liquidity of fund assets, with redemption terms. In line with this, MAS will study the need to review the current framework for liquidity risk management by asset managers, and will engage the industry when ready.
- b. Product distributors and providers should also ensure that marketing and advertisements are fair and balanced. Marketing should not over-emphasise product features that are not sustainable across a robust range of scenarios. A sudden withdrawal of such product features could cause a loss of confidence and a redemption spike.
- c. Clear and timely disclosures should be provided to investors, to enable them to make well-informed investment decisions in fast-changing market conditions.

To provide retail investors with a wider set of investment choices, MAS is also currently consulting on a framework for private market investment funds for retail investors.

- a. Private market investments, such as private equity and infrastructure, generally have longer investment horizons and a differentiated set of risk factors that are different than public market investments. Retail investors may be interested in gaining exposure to this asset class as part of a well-diversified investment portfolio.
- b. We welcome feedback from all IMAS members as we work towards developing a balanced and risk-calibrated framework that can support the growth of a robust and sustainable market for such retail funds.

## **Support Better Informed Investors**

Third, asset managers support better informed investors, through continued partnership with MAS and the MoneySense community on investor education.

When MAS launched the national financial education programme MoneySense in 2003, one of its goals was to support consumers in becoming more self-reliant in financial affairs. This was important as consumers needed to exercise their judgement, evaluate the suitability of investments for their own needs, even as more complex and varied products entered the financial markets.

Over the years, industry associations, including IMAS, community organisations and consumer bodies have been valuable partners. Together, MoneySense's activities and programmes were launched to enhance consumers' understanding of financial affairs, whether it is in managing money, insurance protection, or investing and planning for retirement.

## **IMAS' Contributions to Industry**

Let me say a few words of appreciation for IMAS' role in galvanizing the industry.

I am happy to see IMAS' continued efforts to bring partners together to uplift the asset management sector. As I mentioned earlier, IMAS has played an important role in improving public education through your ongoing partnerships with MoneySense, SGX and FundSingapore. IMAS has also contributed efforts towards reskilling and upskilling for industry professionals by developing the iLEARN platform since 2019 as a one-stop platform for relevant training programmes in line with market shifts.

I am also encouraged to know that IMAS has taken the lead to support its members to deepen expertise in sustainable finance. **I am happy today to be part of a significant milestone - the launch of the IMAS Climate Handbook in partnership with Amundi.** This practical guide will enable asset managers to integrate climate considerations into risk assessments as well as investment frameworks.

In closing, as regulator and developer of the asset management industry, we share a common goal with market participants to keep our markets stable and vibrant and to ensure its sustainable growth in the face of global headwinds. MAS will continue to partner with IMAS and its members to build a more resilient, competitive, and innovative asset management ecosystem.

Thank you and wishing you all a fulfilling Conference ahead.

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<sup>1</sup> Source: Survey of Singapore FX Volume, Singapore Foreign Exchange Market. In October 2024, Singapore's FX average daily traded volumes ("ADTV") reached a new high of US\$1,136bn staying above the US\$1 trillion mark (first reached in April 2024).