

**Business Opportunity in Singapore: Financial Services**

**Executive Summary**

**(1) Leading Industry**

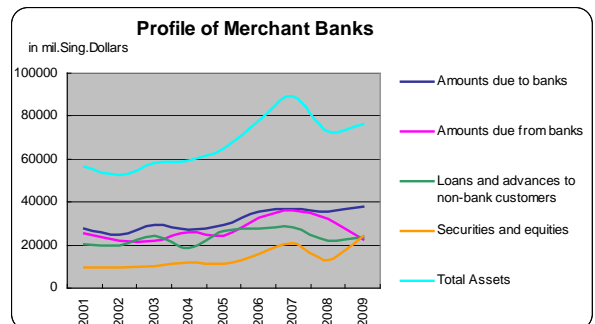
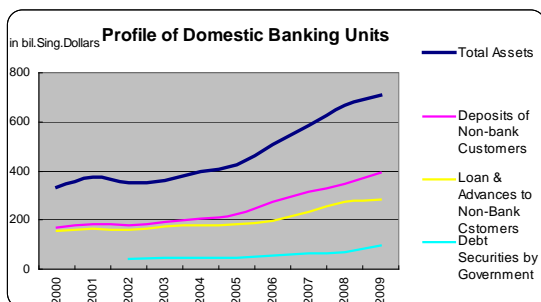
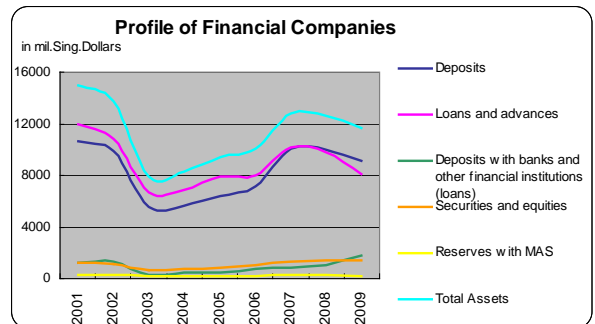
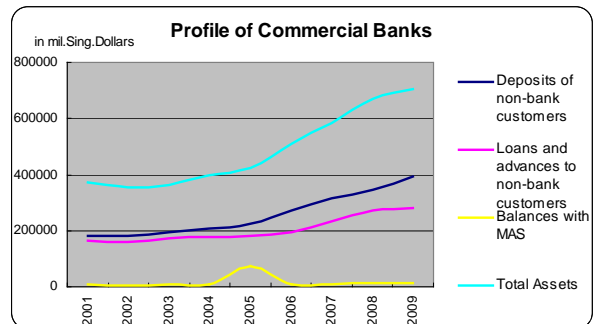
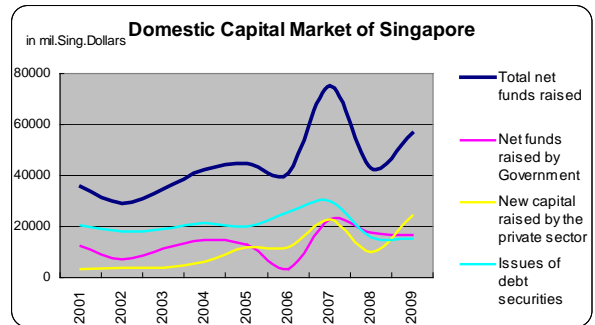
Item/Industry	2004 GDP in million Singapore dollar	2009 GDP in million Singapore dollar	Growth rate of the last several years	Average growth rate per year	Real growth rate of year 2009
<b>GDP</b>	190,484	265,058	39.15%	7.83%	-2.0%
Manufacturing	49,794	48,910	-1.77%	-0.35%	-4.1%
Construction	6,331	13,585	121.60%	24.32%	16.0%
Utilities	6,408	3,538	-44.79%	-8.96%	-1%
Wholesale & Retail Trade	27,647	44,458	60.81%	12.16%	-9.1%
Business Services	18,468	35,398	129.53%	32.38%	3.3%
Financial Services	19,170	30,614	59.70%	11.94%	-1.40%
Other Services Industries	19,843	25,701	21.19%	5.30%	1.7%
Transport & Storage	19,323	22,163	14.70%	2.94%	-7.0%
Ownership of Dwellings	5,746	11,435	21.19%	5.30%	8.7%
Information & Communications	7,484	9,821	31.23%	6.25%	0.8%
Hotels & Restaurants	3,674	5,449	21.19%	5.30%	-3.0%

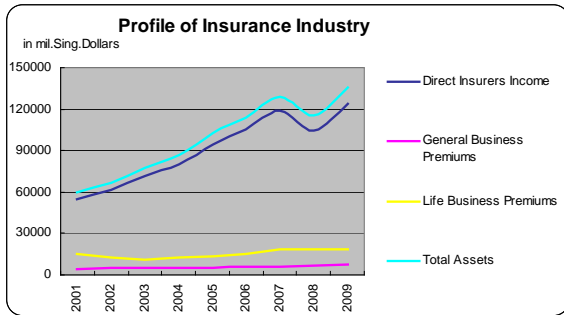
**(2) Origin of Financial Services**

- \* Locates at the nature meeting point of sea routes in Malay Peninsula.
- \* “Halfway house” for the British.
- \* Strategy of developing financial services by government.

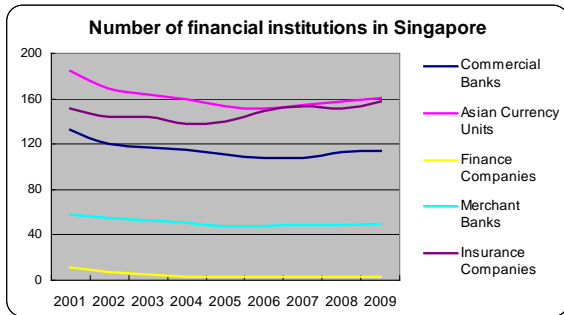
**(3) Stature of Financial Services**

**(3.1) Profile**



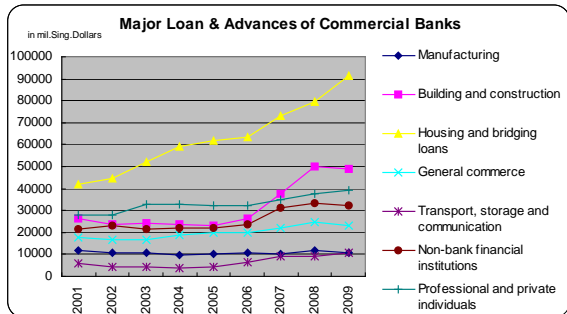
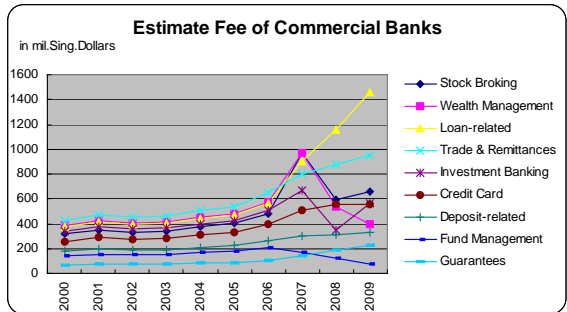
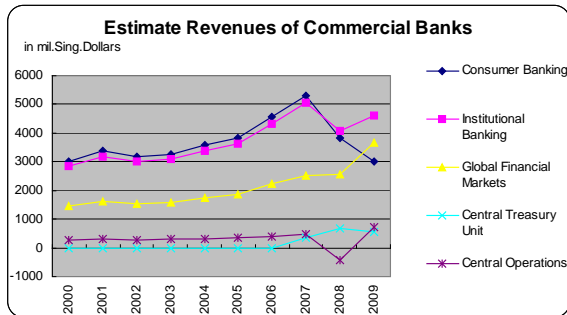


(3.2) Place



Country	Full Banks	Wholesale Banks	Offshore Banks
Australia	1	3	
Thailand	1		2
USA	3	3	1
China	1	3	1
Hong Kong	2		1
India	6		1
Japan	3		3
France	2	5	1
Malaysia	4		
Singapore	1		
Indonesia	1		1
UK	1	3	2
Netherlands		5	
Spain		1	
Switzerland		4	3
Canada		1	3
Taiwan		3	5
Germany		7	1
Norway		1	
United Arab Emirates		2	
Belgium		2	
Pakistan		1	
Italy		1	
South Korea		1	4
Kuwait		1	
Qatar		1	
Luxembourg		1	2
Jordan			1
New Zealand			1
Austria			1
Finland			1
Philippines			1
Sweden			2

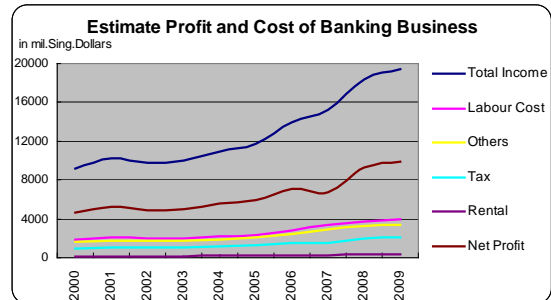
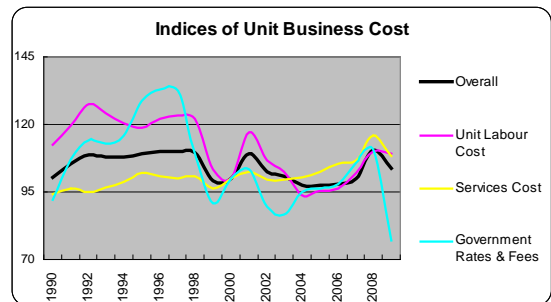
(3.3) Product



(3.4) Profit

Major Cost Components

Services Cost	Labour Cost	Government Rates & Fees
Utility	Remuneration (Salaries, Bonuses)	Tax
Rental for Offices	Employers' Central Provident Fund Contributions	Business Registration Fees
Communication	Foreign Workers Levy	
Professional Services	Skills Development Fund Contributions	



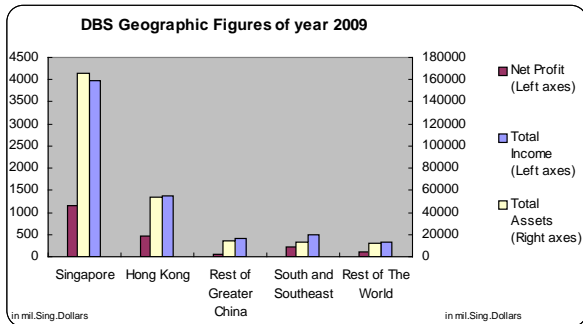
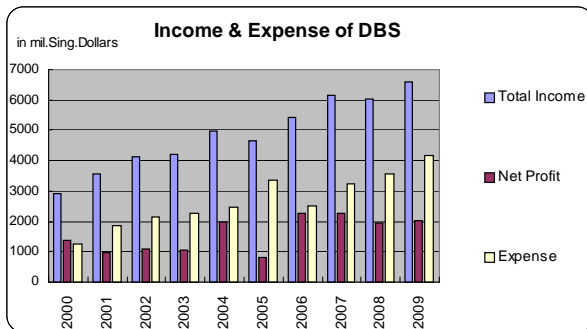
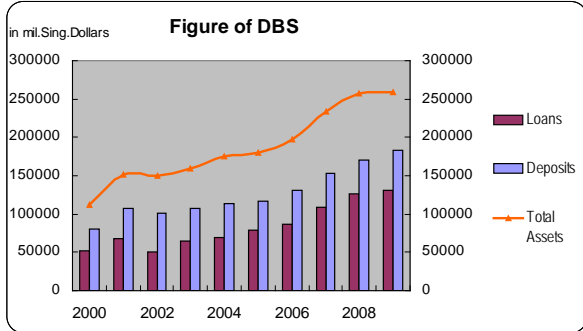
(4) Government Policies

\* OTC in May 2006 and JADE in September 2006.

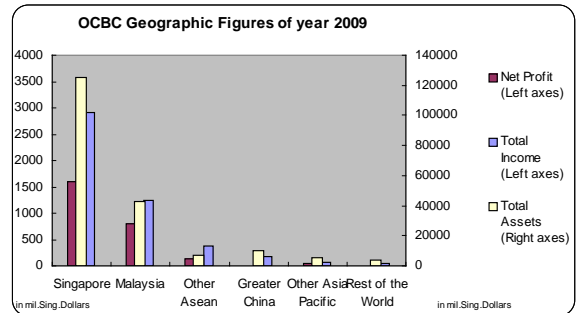
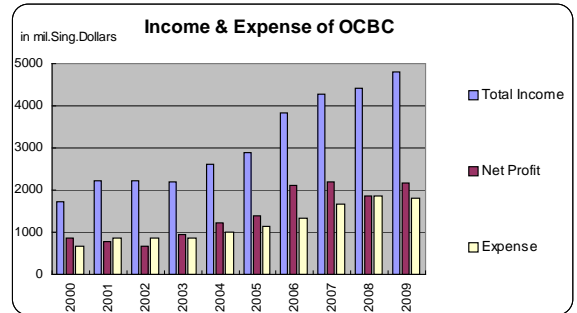
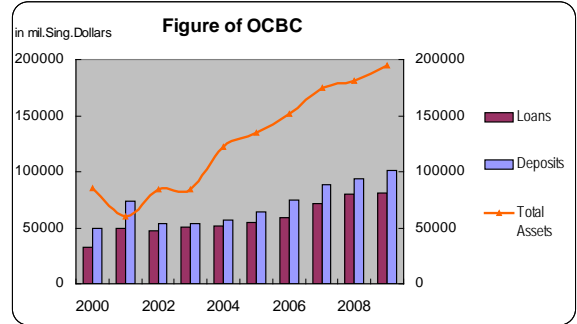
\* Punishment in November 2006

(5) Major Players

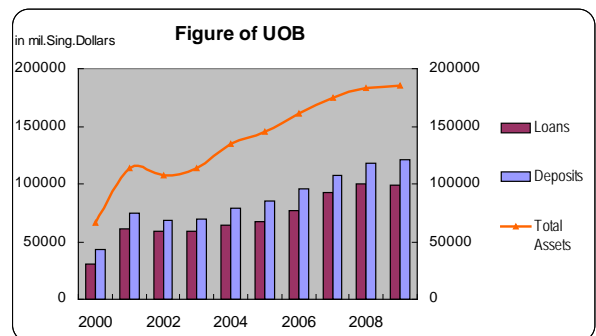
(5.1) DBS Group Holdings Limited (DBS)

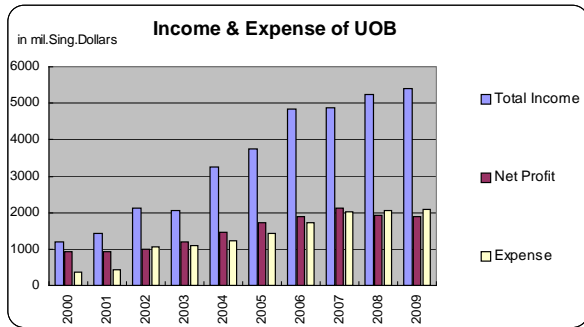


(5.2) Oversea-Chinese Banking Corporation Group (OCBC)



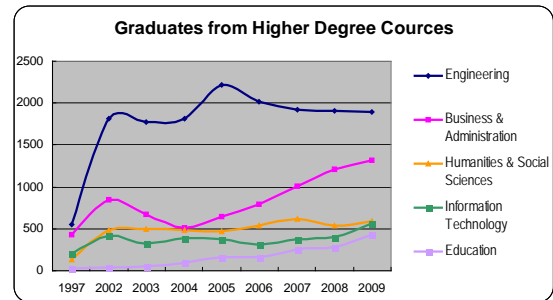
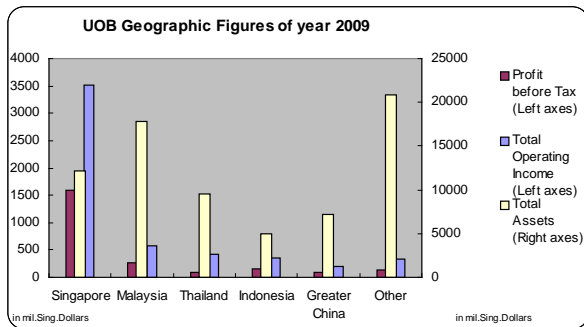
(5.3) United Overseas Bank Group (UOB)





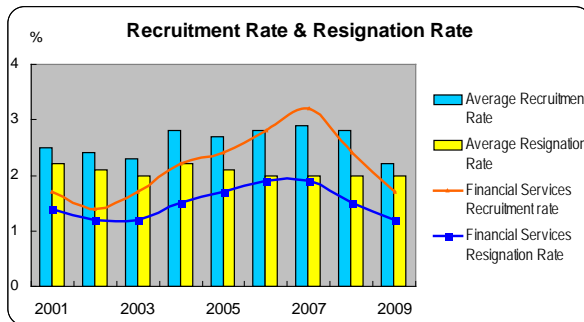
**(6.3) Training & Development**

University	Polytechnic
National University of Singapore	Singapore Polytechnic
Singapore Management University	Temasek Polytechnic
Nanyang Technological University	Republic Polytechnic
National Institute of Education	Ngee Ann Polytechnic
	Nanyang Polytechnic

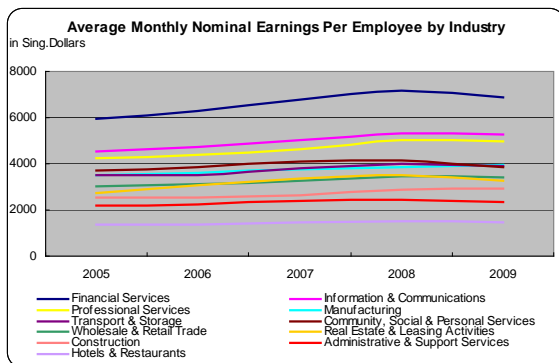


**(6) Human Resources Services**

**(6.1) Recruitment**



**(6.2) Compensations & Benefits**



**Original Content**

**Introduction**

While people talk about global financial centres, they would have in their minds the names such as London, New York, Hong Kong, Singapore and Tokyo. In the news that was released by City of London on July 7, 2010, Singapore was ranked as the fourth Top Ten Financial Centres in the world. The other three cities were London, New York and Hong Kong (Source: www.cityoflondon.gov.uk 2010)

There are more than 120 banks headquartered in Singapore. According to the statistics of 2010, 73.7% add value of GDP is from services. Among them, more than 12.6% is gained from financial services. Although the economy of Singapore was hit by the financial tsunami in year 2008 also, but in quarter 4 of year 2009, financial services made 10.8% growth after Construction. It is the second fastest growth among other industries in Singapore.

All the financial institutions are doing their best to make Singapore one of the top ten financial centres. This report is trying to look into the financial business in Singapore.

**Methodology**

This report studies the financial business in its history, surroundings, government policies and major players aspects. This report tries to draw the picture of Singapore financial business with reference to the studied report.

**(1) Leading Industry**

Although Singapore gained total independence in year 1965, she has positioned herself a financial, high-tech centre at that time. After experiencing several economic crises, industries tend to rise up and down in Singapore. Table 1 is the major industries' selected indicators.

Table 1

Item/Industry	2004 GDP in million Singapore dollar	2009 GDP in million Singapore dollar	Growth rate of the last several years	Average growth rate per year	Real growth rate of year 2009
<b>GDP</b>	190,484	265,058	39.15%	7.83%	-2.0%
Manufacturing	49,794	48,910	-1.77%	-0.35%	-4.1%
Construction	6,131	13,585	121.60%	24.32%	16.0%
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Hotels & Restaurants	3,674	5,449	21.19%	5.30%	-3.0%

(Source: Yearbook of Statistics Singapore 2010 and Economic Survey of Singapore 2009)

Table 1 gives a hint that Construction, Business Services and Financial Services grows rapidly in recent years. Because this report aims at the Financial Services' study, the following pictures will show details of this industry.

**(2) Origin of Financial Services**

Singapore locates at the natural meeting point of sea routes in Malay Peninsula. Lots of visitors such Chinese, Indian, Arab and Portuguese travel across Singapore.

From the beginning, Singapore was developed as the “halfway house” for the British. With the background of this, Singapore has become the busiest port, the major supplier of electronic components, the leader in shipbuilding and repairing, the most important financial centre and the leading provider of super communications network.

The history of Singapore financial services can be traced back to year 1912. The former of Oversea-Chinese Banking Corporation Group (OCBC) which firstly named as Chinese Commercial Bank Limited and was established in year 1912. From year 1965 to year 1978, the government dedicated its strategy to develop the financial services. From then on, the banking services of Singapore were famous in the world.

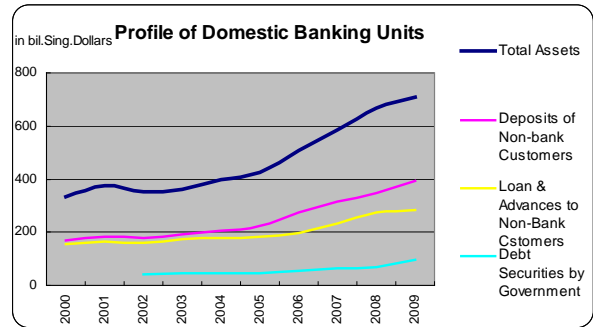
**(3) Status of Financial Services**

The following description will give pictures of the financial services operation through profile, place, product and profit aspects.

**(3.1) Profile**

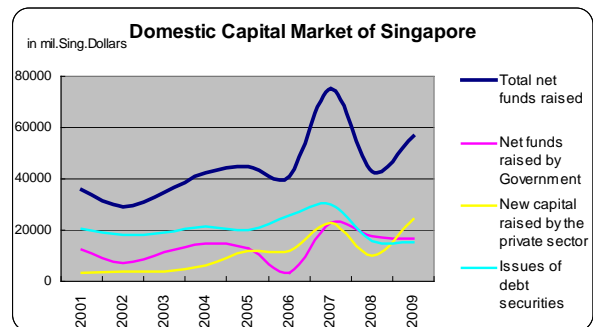
According to MAS Annual Report 2009/2010, there are seven local full banks and 113 foreign banks in Singapore. Exhibit 1 and 2 show the profile of domestic banking units and capital market of Singapore. Exhibit 3 to 6 will show the assets, deposits and loans of the major financial institutions.

Exhibit 1



(Source: Yearbook of Statistics Singapore 2002 to 2010)

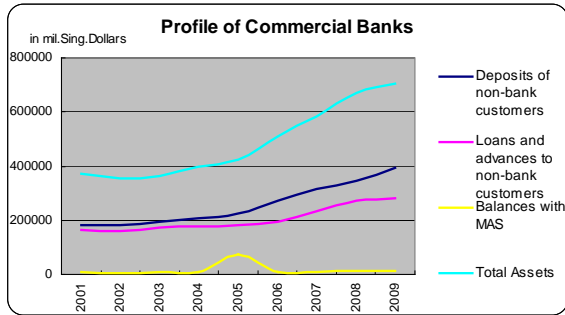
Exhibit 2



(Source: Monetary Authority of Singapore, 2010)

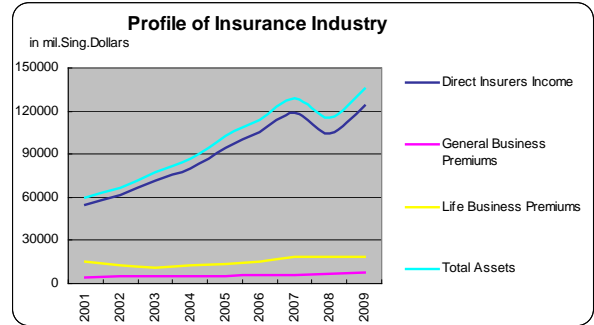
According to exhibit 1 and 2, one can see that one year after the financial tsunami, the capital market of Singapore has risen again. The private sector contributes to the market most especially in year 2009. According to the annual reports of Monetary Authority of Singapore, the government divided its financial institutions into commercial banks, financial companies, merchant banks and insurance industry. Exhibit 3 to 6 will show their money inflow, outflow and assets.

Exhibit 3



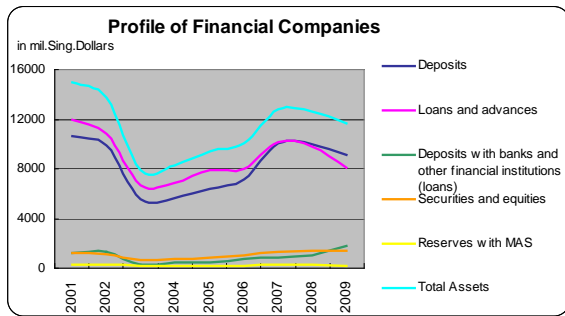
(Source: Monetary Authority of Singapore, 2010)

Exhibit 6



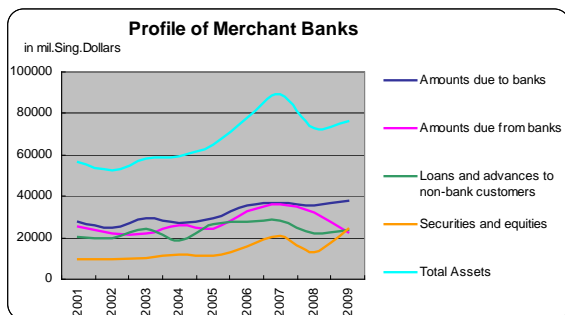
(Source: Monetary Authority of Singapore, 2010)

Exhibit 4



(Source: Monetary Authority of Singapore, 2010)

Exhibit 5



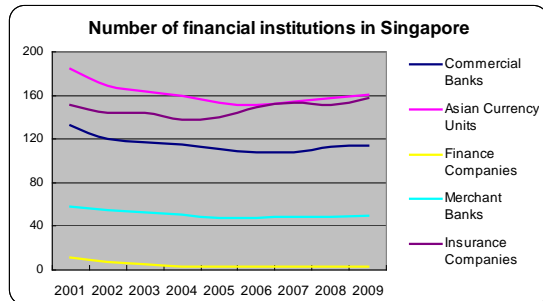
(Source: Monetary Authority of Singapore, 2010)

According to above exhibits 3 to 6, it seems that commercial banks were not significantly affected by the financial tsunami. On the other hand, because the commercial banks composed the major figure of the financial services, so this report will take commercial banks as representative of financial services of Singapore. The operation of financial companies and merchant banks were getting down. Although insurance industry was affected by the financial tsunami also, the income of it has risen again.

(3.2) Place

According to MAS Annual Report 2009/2010, there are 7 local banks and 113 foreign banks within Singapore at the end of March 2010. Exhibit 7 is the details of the financial institutions in Singapore in recent years.

Exhibit 7



(Source: Monetary Authority of Singapore, 2010)

According to exhibit 7, one can see that the number of Asian Currency Unites is getting smaller and smaller from year 2001 to 2006. The number of Insurance Companies are also getting down from 2001 to 2005. It seems that the environment for financial institution to develop is harsh in those years. But in recent 2 to 3 years, the data show that Asian Currency Units and Insurance Companies has great place to develop.

Table 2 is the detail of the foreign commercial banks separated by countries of origin. It will tell why Singapore is being called an international financial center.

Table 2

Country	Full Banks	Wholesale Banks	Offshore Banks
Australia	1	3	
Thailand	1		2
USA	3	3	1
China	1	3	1
Hong Kong	2		1
India	6		1
Japan	3		3
France	2	5	1
Malaysia	4		
Singapore	1		
Indonesia	1		1
UK	1	3	2
Netherlands		5	
Spain		1	
Switzerland		4	3
Canada		1	3
Taiwan		3	5
Germany		7	1
Norway		1	
United Arab Emirates		2	
Belgium		2	
Pakistan		1	
Italy		1	
South Korea		1	4
Kuwait		1	
Qatar		1	
Luxembourg		1	2
Jordan			1
New Zealand			1
Austria			1
Finland			1
Philippines			1
Sweden			2

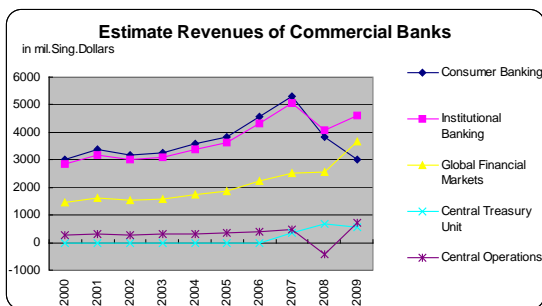
(Source: Monetary Authority of Singapore, 2010)

According to table 2, people can see the name such as Europe and America. Except these places, Singapore also attracts the place such as Kuwait, Jordan and Qatar. It is another proof that Singapore is the safest and most secure place in Asia area.

(3.3) Product

Nowadays, the banks not only think the customer as a united group, but as the divided groups who have various needs. Exhibit 8 is the estimate revenues distribution of the business groups calculated by using their total assets market share as a reference.

Exhibit 8

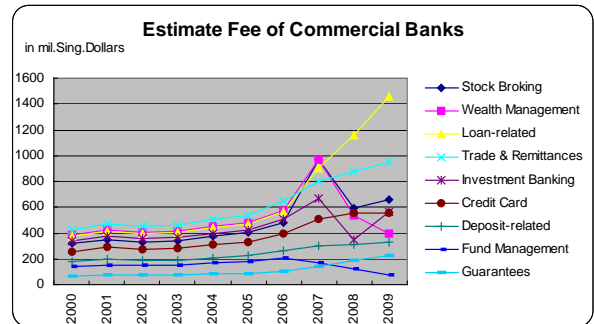


(Reference: Monetary Authority of Singapore, 2010, annual reports of DBS, UOB & OCBC)

From Exhibit 8, readers can find that most banks like to divide their business into five business groups. It is a hint that the banks in Singapore are focusing to provide the institutional banking services professionally.

In order to provide the services more detailedly, the banks have the business breakdowns as Exhibit 9, and gain the free and commission from them.

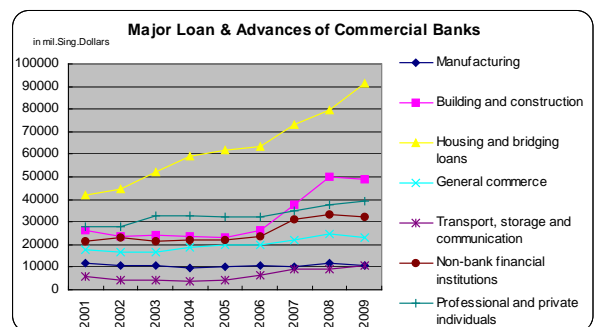
Exhibit 9



(Reference: Monetary Authority of Singapore, 2010, annual reports of DBS, UOB & OCBC)

From Exhibit 9, one can see that the stock broking service increase highly in year 2007, it is because the stock business bloomed all over the world in this year. The wealth management, loan-related and trade & remittances service are always the most competitive winners among all the services.

Exhibit 10



(Source: Monetary Authority of Singapore, 2010)

From Exhibit 10, readers would have the thought that Housing and bridging loans is the biggest market of loan business. In addition, Building & Construction loans much too.

(3.4) Profit

As a businessman, if someone wants to know about the profit of the business, he had better know about the cost of it first. According to the surveys, the major cost components to the industries include services cost, labour cost and government rates & fees. Table 3 is the details of the cost components.

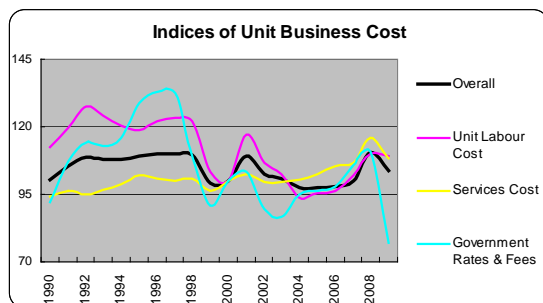
Table 3

Major Cost Components		
<b>Services Cost</b>	<b>Labour Cost</b>	<b>Government Rates &amp; Fees</b>
Utility	Remuneration (Salaries, Bonuses)	Tax
Rental for Offices	Employers' Central Provident Fund Contributions	Business Registration Fees
Communication	Foreign Workers Levy	
Professional Services	Skills Development Fund Contributions	

(Source: Yearbook of Statistics Singapore 2008)

Exhibit 11 shows the indices change of the business cost by picture. All the data in year 2000 were as assigned on basis of 100 for comparison.

Exhibit 11

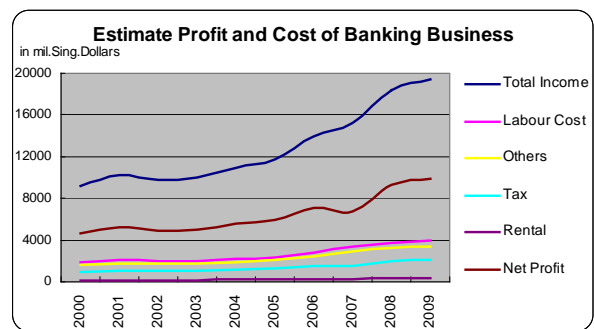


(Source: Yearbook of Statistics Singapore 2010)

Exhibit 11 reveals that the government's levies influence the cost mostly, then the labour cost. In recent years, the labour cost decrease continually.

After looking on the cost of the financial services, it is time to estimate the profit of it. Exhibit 12 is the figure of it.

Exhibit 12



(Reference: Annual Reports of DBS, UOB & OCBC 2009)

**(4) Government Policies**

Monetary Authority of Singapore launched the SGX AisaClear Over-the-Counter (OTC) in May 2006, and the Joint Asian Derivatives Exchange (JADE) in September 2006.

In November 2006, three individuals were punished for S\$210,000 and had their licenses suspended for one year by the structured warrants case.

The government takes measures to make sure the financial market develop in a healthy way.

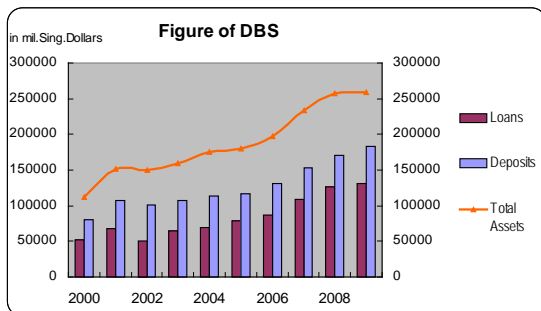
**(5) Major Players**

Although there are six local full banks in Singapore, most of the assets and resources belong to the three banking groups. These three banking groups are: DBS Group Holdings Limited (DBS), Oversea-Chinese Banking Corporation Group (OCBC) and United Overseas Bank Group (UOB). The assets of these three banking groups in Singapore are occupying about 42% of the Singapore banking assets. It is about 22% decreased by comparing with year 2008.

**(5.1) DBS Group Holdings Limited (DBS)**

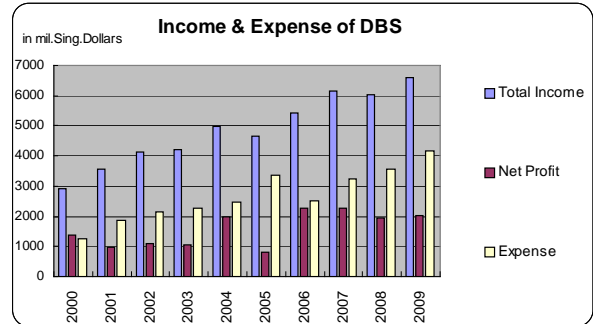
DBS is one of the biggest banking group and the biggest stock market listed company in Singapore. Although it was founded in year 1968, it acquired Post Office Savings Bank in year 1998 and became the leader in IPO business at present. The flowing Exhibit 13, 14 and 15 are the figure of DBS.

Exhibit 13



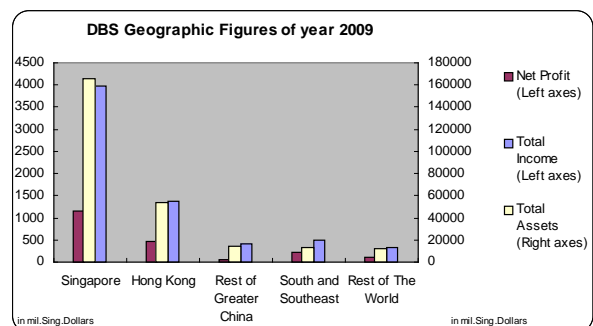
(Source: Annual Reports of DBS 2001 to 2009)

Exhibit 14



(Source: Annual Reports of DBS 2001 to 2009)

Exhibit 15

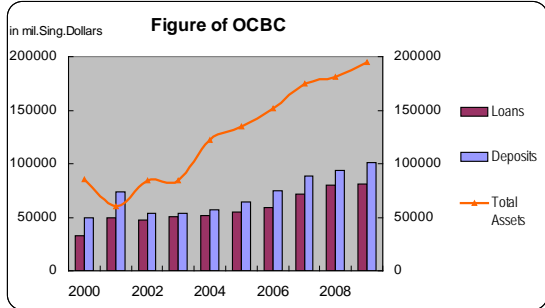


(Source: Annual Reports of DBS 2009)

**(5.2) Oversea-Chinese Banking Corporation Group (OCBC)**

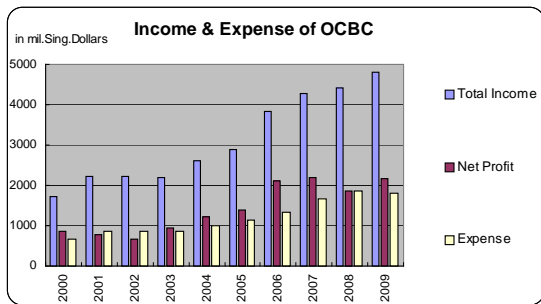
OCBC was reunited in year 1932. The formers of it were Chinese Commercial Bank Limited (1912), Ho Hong Bank Limited (1917) and Oversea-Chinese Bank Limited (1919). OCBC became the biggest banking group of Singapore in 1970. Nowadays, it is the highest credit rating banking group in Singapore.

Exhibit 16



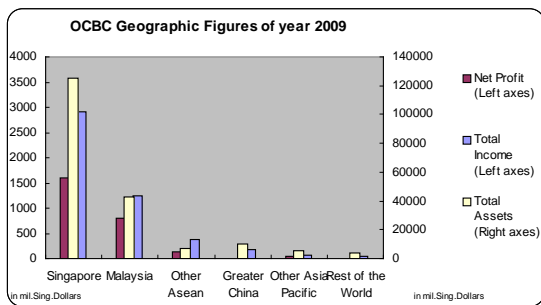
(Source: Annual Reports of OCBC 2001 to 2009)

Exhibit 17



(Source: Annual Reports of OCBC 2001 to 2009)

Exhibit 18

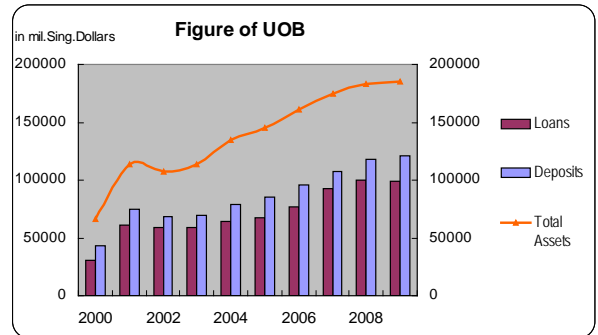


(Source: Annual Reports of OCBC 2009)

(5.3) United Overseas Bank Group (UOB)

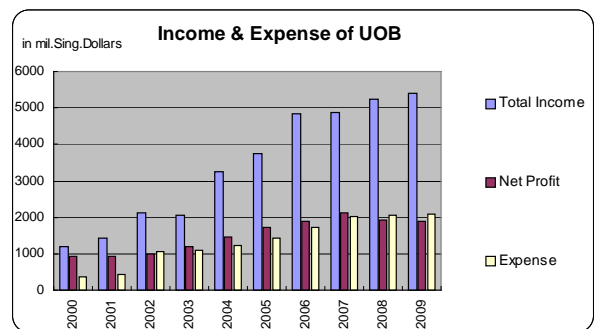
UOB was founded in year 1935 by the name as United Chinese Bank with the major business in Fujian, China. Under the policies of Singapore government to develop the financial services, UOB changed its name in 1965 and focused its business mainly in Singapore. It is the first Singaporean banking group who exploited business in Northern American.

Exhibit 19



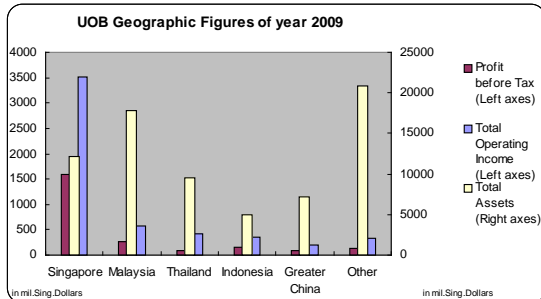
(Source: Annual Reports of UOB 2001 to 2009)

Exhibit 20



(Source: Annual Reports of UOB 2001 to 2009)

Exhibit 21



(Source: Annual Reports of UOB 2009)

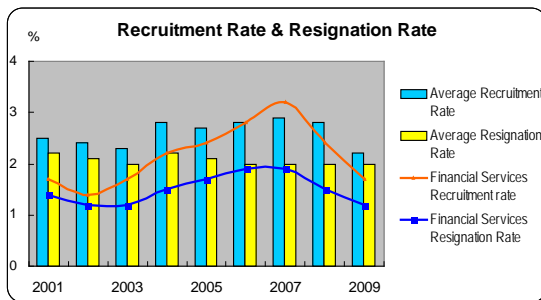
**(6) Human Resources Services**

From the previous study, one can know that the revenues of Singapore banks are mostly from local area. Due to this reason, the human resources are mostly from local region also.

**(6.1) Recruitment**

Exhibit 22 is the picture of recruitment data.

Exhibit 22



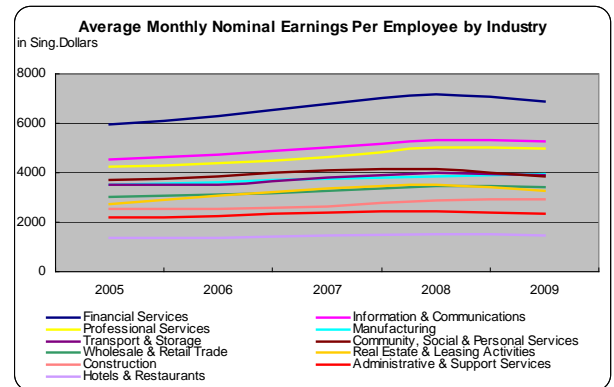
(Source: Yearbook of Statistics Singapore 2010)

From Exhibit 22, one can see that the average recruitment rate was increasing very slowly from year 2004. At the same period, the recruitment rate of financial services increased much faster than that of average. It means that the financial departments employ staff largely from year 2004.

**(6.2) Compensations & Benefits**

Exhibit 23 describes the monthly earnings of some major industries in Singapore. Although construction and wholesale & retail trade increase highly in recent years, the earnings of the employees who work in these industries are comparatively less in amount. Contrarily, the people who work in financial services industry can earn double of the average.

Exhibit 23



(Source: Yearbook of Statistics Singapore 2010)

**(6.3) Training & Development**

There are primary schools, secondary schools & Junior colleges, universities and polytechnics provide ranges courses for Singapore residents. Table 4 shows the higher education institutes in Singapore.

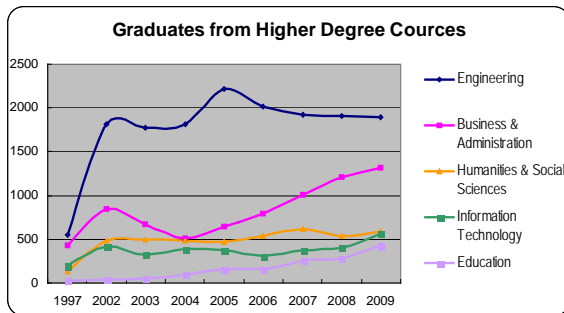
Table 4

University	Polytechnic
National University of Singapore	Singapore Polytechnic
Singapore Management University	Temasek Polytechnic
Nanyang Technological University	Republic Polytechnic
National Institute of Education	Ngee Ann Polytechnic
	Nanyang Polytechnic

(Source: Yearbook of Statistics Singapore 2010)

Exhibit 24 gives the picture that the most popular courses provided by the universities and the polytechnics.

Exhibit 24



(Source: Yearbook of Statistics Singapore 2010)

Comparing with the report two years age, the No. 4 top education course was Medicine & Dentistry. But in recent 2 years, people more like to choose education courses instead of it.

**Conclusion**

Singapore is an international financial centre. There are totally more that 120 banks who provide banking services for 5.1 million citizens. Among these 120 banks, the most competitive players are the famous banking groups such as DBS, OCBC and UOB. All these elements make Singapore rank as the No.4 biggest financial center in the world.

According to the statistics of 2010, 73.7% add value of GDP was from services. Among them, more than 12.6% was from financial services. Although the economy of Singapore was hit by the financial tsunami in year 2008 also, but in quarter 4 of year 2009, financial services have 10.8% growth after Construction. It is the second fastest growth among other industries in Singapore.

Comparing with the data two years age, the business of commercial banks is turning from Consumer Banking to Institutional Banking mainly. The biggest loan clients are changing as the constructor who are doing the Housing and bridging business. The biggest fee income of the commercial banks are also changing from Stock Broking to Loan-related.

At the end of year 2007, the local assets of three biggest banking group, DBS, OCBC & UOB occupied 64% of the Singapore domestic banking assets. But at the end of year 2009, this number was 42% only. It seems that the financial market of Singapore is more and more open to all financial player in the world.

– End of Report –

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**(September 2010)**

**Jade Xuan**

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