

Opportunities in wealth management as Asia makes comeback: DPM Lee

S'pore has potential to be a key financial node in a rising Asia

By Genevieve Cua
[SINGAPORE] Asia is in the investment limelight again, with the region's stock markets having risen more than 30 per cent from their lows this year. Deputy Prime Minister Lee Hsien Loong said yesterday.

The amount raised from initial public offers in Singapore, Hong Kong, Taiwan and China has jumped 40 per cent, from less than US\$10 billion for the whole of 2002 to US\$14 billion in the first eight months of this year, he said.

"Following the Asian crisis, excesses have been trimmed and company operations streamlined, making

valuations more attractive," Mr Lee said. According to him, this backdrop, coupled with economic growth, high savings rates and a youthful population, make Asia the fastest-growing wealth management market in the world.

Speaking to asset managers and bankers at the launch of the Wealth Management Institute (WMI) yesterday, he said Singapore has the potential to be one of the "key financial nodes of a rising Asia". The nation's advantages include sound fundamentals and a critical mass. Most top private banks and asset managers have operations in Singapore.

The tax framework is also friendly and trust law is being modernised. "The MAS (Monetary Authority

of Singapore) will spare no effort to ensure that a wide range of wealth management products and services are available," said Mr Lee, who is also MAS chairman.

In addition, efforts are under way to develop a pool of talent. WMI was started on the initiative of Ng Kok Song, managing director (public markets) of the Government of Singapore Investment Corp. Its founding partners include Temasek Holdings, which is understood to have committed "a few million" dollars of seed funding, and the Association of Investment Management and Research. Mr Ng is also WMI's chairman.

WMI will offer a Master of Science degree in wealth management, under the auspices of Singapore Management University and

tapping the expertise of the Swiss Business School. Some 21 institutions will offer scholarships and another 25 will offer internships. A degree course costs \$48,000.

Mr Lee said the financial services industry has "undergone more than its fair share of remaking". The regulatory approach, for instance, is shifting to a risk-focused supervision. Financial services are also being liberalised. Local banks and stockbrokers have consolidated and several thousand jobs have been lost.

"But we have gained a much leaner and stronger industry, better able to hold its own against foreign competition as our markets open up," Mr Lee said. "At the same time, because we made these changes we

have attracted new activities which are creating new jobs in the financial sector."

He said that to help the stockbroking industry develop a stronger research-oriented environment, the Singapore Exchange will launch the SGX-MAS Research Incentive Scheme. This will give grants to broking houses and research firms to provide analyses of a broader range of stocks to facilitate market interest.

"The global economic slowdown has led to stockbroking firms cutting costs in many areas, including equity research," Mr Lee said. "We need to rebuild this area of expertise, because in the long run, a dearth of equity research activities can adversely affect market liquidity."