

Singapore's banking and financial services sector

[Finance](#), [Banks](#)



1. Introduction

Banking and financial services sector as the part of financial system, it includes banking services, securities services, insurances services and other services. With the corresponding the agency includes the bank, securities Company, insurance company and other finance related company. Thanks to location, policy and other factors help,

Singapore banking and financial services sector development rapidly.

Singapore not only famous with the banking services and other financial services, but also famous with the foreign exchange and stock exchange the “Singapore Exchange”(SGX), is the 3th largest stock market in the Asia area. Attracted a lot of companies listed here, especially is the Asia area. Singapore successful with the banking and financial is no coincidence, the famous newspaper THE ECNONMIST says: WHEN it started life as an independent, separate country in 1965, Singapore’s prospects did not look good. Tiny and underdeveloped, it had no natural resources and a population of relatively recent immigrants with little shared history. Why did Singapore become an economic success? First, its strategic location and natural harbor helped. It is at the mouth of the Malacca Strait, through which perhaps 40% of world maritime trade passes. Second, under Mr Lee, Singapore welcomed foreign trade and investment. Third, the government was kept small, efficient and honest—qualities absent in most of Singapore’s neighbors. (ECNONMIST, 2015). This article wills analysis banking and financial services sector contribution on Singapore economy and challenge. With the corresponding strategic planning to keep the contribution and facing the challenge.

2. Contribution

1. Foreign direct investment (FDI) means that is an investment in a business by an investor from another country for which the foreign investor has control over the company purchased. (Shawn Grimsley, 2012). With economic globalization the company are need to expansion the market in the oversea and the other country also take some actions to attract the foreign company. With the booming of banking and financial market Singapore has successful attract lots of foreign direct investment. Sometime if the country can attract lots of foreign direct investment in some sector mean that this country in this sector has many perfect configuration. First is the perfect law to protect this sector profit, secondly is that has mature market, and finally is this sector in this country has preferential policy. Singapore attract lots of famous company to come here investment, for example Citibank, Standard Chartered Bank, HSBC, and etc. Singapore ranked third, up two notches from last year, making it the highest-ranked country in Asia. Singapore was also rated the best among all countries in terms of the efficiency of its goods and labour markets and second for its financial market sophistication. (Sameera Anand, 2009). In interaction, Singapore banking and financial services sector attract many foreign companies and it makes Singapore economy better and better t as an Asia-pacific financial Centre.
2. Provide a lot of employment opportunities. Since Singapore developed this sector, many jobs has been creating. A report shows that when Singapore just out of Malaysia the unemployment rate in this country

was reach up to 12%. After development the banking and financial services sector, the unemployed rate decline year by year. This sector derivate banking employees, Securities industry professionals, Employees Insurance and so on. And it achieved remarkable results just like a newspaper say: Singapore had a population of 5. 165 million in 2010. 2. 795 million of the populations are part of the labour force. In the same year, Singapore had an unemployment rate of 2. 2 percent. Singapore's unemployment rate is one of the lowest in the world.(ECNONMYWATCH, 2010). Nowadays more and more local students and international students graduate in Singapore. And the baking and financial services sector provides a lot of jobs for them.

3. Challenge

1. Singapore facing the competition from other regions. Singapore has development banking and financial services sector many years, so Singapore has more experiences and more perfect law than the other countries. But with the other countries focus on this sector, more and more countries are narrow the distance with the Singapore. For example Asian financial center in Hong Kong has been long days, Sydney is in the field of trade business and electronic form their own unique niche, relying on the rapid growth of Chinese economy, and Shanghai its financial center is gradually recognized. A report shows that: According to Financial Development 2009 by the World Economic Forum (WEF), Hong Kong ranks 5th worldwide in terms of financial sector development. Along with Tokyo and Singapore, it stands as one

of the premier financial centers in Asia. (Dan Steinbock, 2010). With the rise of these areas, Singapore will face the great challenge.

2. Another challenge is Singapore market is too small, which very dependency of global economy. Singapore is a small country that their local market is very limited. In order to development Singapore have to expansion the oversea market. But when some exceptional circumstances Singapore financial sector will shocks, For example the 1997 Asia financial crisis and the 2008 America financial crisis was effect Singapore this sector. So this is the Singapore should face the challenge with their banking and financial service sector.
3. Last but not least, Foreign exchange and capital market activities and other traditional financial services sector in the number and position showed a downward trend. Foreign exchange and financial services sector is very important for Singapore, is the one the most important part in Singapore economy. If it downward trend, it mean in the future Singapore will lose the competitive in this sector. And this is cannot no be ignore challenge for Singapore banking and financial services sector.

4. Strategic planning

1. Banking and financial services sector also need many different skill in this sector. At the same time also need some Professional knowledge to work in this sector. So the training and education is the best way to achieve this target. And Singapore also cooperation with many company to training and education their students. Citi bank is a example: Singapore - Citi Singapore and Singapore Management

University (SMU) have jointly launched the first structured financial literacy program for young adults. The program seeks to equip young adults between the ages of 17 and 30 with essential personal financial knowledge and skills to give them a firm foundation in managing their money and a financial head-start early in their working lives. (Author, 2012). And to training and education the students that can make the Singapore financial sector Continuity and innovation.

2. Establishment Orientation is Singapore in development banking and financial sector should. To become a regional financial center, because Financial Services is Singapore's financial sector to maintain good competitiveness and an important source of competitive advantage, in order to encourage local personal financial center to remain competitive, government must keep on politically strong, economically stable and industrial management plan.
3. Create a more attractive business environment. The government should take more communication and Strengthen cooperation with the company. Further strengthen Singapore's tax environment and Provide better employment environment for the financial services sector. Last but no least is Enhance Singapore's financial sector in the international share.

5. Conclusion

(1) Monetary Authority of Singapore (MAS) is Singapore's central bank, founded in 1971, executed by government departments and professional management, which combines the functions of the Bank to Finance, and many other financial functions, including the development of financial and

monetary policy to ensure stable economic growth, sustainable development financial services industries. MAS also support to education and training. SKBI is MAS cooperation with the SUM co-founder to help the students get better education in financial, which to training financial talents. And the MAS also keep communication with many company get the advise to them. Sometime MAS set the rules and regulation bank Provide a good environment for the operation of the banking and financial services sector. And do that to support the banking and financial services sector development in Singapore.

(2) Banking and financial services is a crucial part of the Singapore economy, is the highest value-added service industry. Today Singapore can so well developed and well famous in the world, these achievements are inseparable from the support of the banking and financial services sector. So Singapore in the future Continue the development of this sector. Build more and better service in the world, attract more foreign company to invention in Singapore. While keeping the good side and need to innovation, with digital media revolution the banking and financial services sector should innovation. To do that make this sector make more contribution in Singapore economy.