

Influence of banks on the economy and finance sector

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



1. Introduction

Fundamentally, banking is a process that help the people to solve the problem in financial, for instance DBS. The term “ finance” sector is the regulatory framework that permit transactions to be made by incurring and settling debts (Parkin, 2014). Banking and finance means a lot in Singapore economy as it helps the Singapore economy to growth gradually over the last one and a half decades. Besides, the economy of Singapore become the strongest among the Asian (Top 10 most competitive economies in Asia-Pacific | World Economic Forum, 2015). Most of the bank are earning profit by charging interest on money that the bank lend and by trading financial instruments in the financial markets (Risksandrewards. org. uk, 2015). Thus, almost every bank is seeking the rich person and give them the best offer and try to persuade them to save the money in their bank.

2. Contribution to the national economy

2. 1 Job Market

Basically, job market implies the employer looking for employee and the employee that is looking for jobs. Whether the job market grow or shrink, it is depends on the labour demand and supply within the long-term economy. (Investopedia, 2010). Job market has help Singapore economy, according to Ministry of Manpower report, the jobs that available has risen to 67, 400 and it is the highest level in six years (Stats. mom. gov. sg, 2015). The jobs help the citizens and foreign workers to get the job more easily in Singapore, thus, the unemployment rate also has been decreased steadily (Channel NewsAsia, 2015). Moreover, the banking and finance sector help the SMEs

with provide loan as much as possible and once the SMEs expanded their business and it will let the Singapore economy become more stable.

2. 2 Local Financial institution investing offshore projects

The primary transaction of local financial institution is dealing with financial transaction, for example, deposits, loans and investments. Practically, everybody has deal with financial institution all the time. Everything from keeping cash to taking out loans and exchange currencies must be done through financial institutions (Investopedia, 2006). Singapore have to build up the local financial institution so that Singapore itself able to invest the offshore project. Thus, the economy of Singapore will go steadily. Singapore has to use it advantage which is longstanding position as a main trading hub in the Southeast Asia, so that Singapore allow to proceed with the projects. The strategy which Singapore used has promote and develop the strategy to let Singapore to become offshore trading hub for the import and export for the foreign currency. By that time, Singapore foreign exchange market has been inseparable. Thusly the banking and finance service sector has been becoming emphatically as the year goes through with the enormous economic growth that the Singapore is encountering. Growth in the foreign exchange market has surpass the economy in Singapore and it served to create a lot of worldwide banking institutions. For instance, Singapore leading the global marine and offshore engineering market (Singapore Economic Development Board - Investing Business in Singapore, 2015).

2. 3 Financing SME

SME is extremely important to the Singapore economy said by Finance Minister Tharman (Channel NewsAsia, 2015). The Ministry of Trade and Industry (MTI) announced a series of measures to enhance support for SME to restructure and achieve quality growth. Furthermore, the government will enhance support the SME in the areas of productivity, innovation and capabilities upgrading in order to boost their capabilities and remain the competency between the SME (Mti. gov. sg, 2015). In addition, SMEs are important to economy of Singapore as they make up 99% enterprises, said by MR Tan Ser Luck. As Singapore is a small domestic market, so the SMEs need to take risk abroad relatively in the development in order to grow and there are approximately 74% of the SMEs export the goods and services (News. gov. sg, 2015).

3. Challenge facing by this sectors in present and future

3. 1 Government regulation and deregulation

Government regulation which means that the law that pass down from government is to control business in order to protect the consumer's interest and government institute regulatory law. In contrast, deregulation means government rules and law is removed (Everyday Life - Global Post, 2015). There are a ton of regulation that they have to follow all together for the sector to growth in the economy. Without inputting the regulation to sectors, most of the consumer will not be protected if the business has an unscrupulous activity. Banking and finance services sector will face challenges if deregulation happen and it will wind up have confusion in the economy. To keep chaos from occurring in the Singapore economy, it is a

difficulties for the government to turn out with the laws and laws for this sector.

3. 2 Shortage of skill talent

Deficiency of skill talent defined as there is not enough of skill and talented people to help the firm to gain profit by using less employee making more yield. According to the secondary data, runs a business effectively, almost 45% of employers believe that if want a business runs effectively, the skilled talent deficiency is the potential people. Hays done a surveyed of the bosses represent to the employees and it had also figured out that banking and finance services sector is one of the troublesome expert to hire the employees (Hays. com. sg, 2015). According to Hays deficiency of skilled talent may influence the operation and growth of the association. This has additionally indicate the employers in the association to be inventive to attract more employees in this divisions.

3. 3 Cyber-crime

Basically, Cyber-crime are people utilizing distinctive sort of electronic devices to admonish, affront or login to unauthorised system to abuse the information without authority permission. In Singapore, cyber-crime is one of the difficulties confronting by the banking and finance service division in light of the fact that annual crime brief in 2014 cyber-crime exercises has increment by 1149 cases to make an aggregate of 1659 cases. By contrast, with year 2013 which just have 510 cases. In this cyber-crime it also incorporate crime cyber-extortion, web adoration trick are some of the

fabulous crime that are hard to control that why this is one of the difficulties that is face by banking and financial service sector as all this cyber-crime include huge measure of cash being scam (SPF, 2015).

4. Strategic planning by this sectors in the present and future

4. 1 Training and Education

Due to the shortage of skill and talented employee, training and education is the best planning. The employer send the underperformance employees for training in order to upgrade themselves and learn to be more skilful at the same time while education is send the employees to advance study to gain more knowledge and get a better and higher qualification so can get the banking and finance job. In the banking and finance sector, it required extensive knowledge and skilled so that can produce the good work easily. Banking and finance are very competency as this sector get the very high salary and that's why government always encourage the firm to send their employees for training to let them be more professional so that it can build up the national economy in Singapore.

4. 2 Security and Regulation

Security and Regulation is a certificate and all the rules and regulation of the company are stated in the certificate. Singapore government has created the security and regulation in order to preserve the economy and the external intimidation to come into Singapore (Acharya, 2008). Furthermore, security and regulation can preserve the national interest. Therefore, every single

rules and regulation has a huge impact for every country and the government have to set it carefully.

5. Conclusion

Banking and finance is essential to every country as it will impact the economy of the country. In Singapore, Monetary Authority of Singapore support this sector by setting rules and regulations to supervise the financial institutions. The purpose is to make sure every financial institution abide rules and regulations and hope that this banking and finance sector will create more jobs for and build the Singapore economy stable and better, and have a bright future.