

# Development of singapore's economy



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## **Introduction**

In the past three decades have witnessed Singapore's economy has been developing at an extremely high speed. As the most important part of the economics, banking and finance services contribute a lot to the gross domestic product. The government document (Banking and finance, 2007) show that the Banking and Finance provides a description of the complex nature of the sector and an overview of the sector's provision of products and services, which are: (1) deposit, consumer credit, and payment systems; (2) credit and liquidity products; (3) investment products; and (4) risk-transfer products (including insurance). Banking and finance services sectors play an important role in the Singapore economics, in 2013, the financial industry contributed around 12% to Singapore's GDP (Singaporean- German Chamber of industry and commerce, 2014.). And Singapore isn't an industrialized and agricultural country, it depends on the tourism and financial business, therefore the Singapore cannot leave Banking and finance services sectors.

## **Contribution**

GDP stands for gross domestic product, which is used to measure a country economics, it includes everything produced by all the people and companies that are in the country. Singapore has enjoyed robust economic growth with an average growth rate of 6.1% since 2000 and a GDP per capita of S\$65,048 (US\$52,051) in 2012, one of the highest in the world. This strong economic performance is driven by 4 key sectors, namely Manufacturing, Wholesale & Retail Trade, Business Services and Finance & Insurance. These

4 key sectors collectively contributed to more than 64% of Singapore's GDP in 2012 (Meng Kit, 2014).

Nowadays, Singapore has hundreds of banking and finance companies, and most of them are foreign. Because Singapore geographical condition and social status, more and more company set up a branch company in Singapore, for example, Huawei, HSBC and Citibank, etc. In the report (Anonymous, 2014) according to City think-tank Z/Yen's Global Financial Services, both are challenging the leaders as the top global finance hubs, with Hong Kong in third place behind London and New York, and Singapore only eight points behind in fourth.

When they set a company in Singapore, they need to recruit the best of the best employees to their company, in the other worlds; they create a lot of job opportunity. It solves the problem of employment, and that's why Singapore's unemployment rate so low. The Manpower Research & Statistics Department (2015) shows that Singapore's unemployment rates in 2012 to 2014 are 2.0%, 1.9% and 2.0%. Those represent Singapore job market are not too much unemployed people, it's beneficial to maintain social stability and development.

## **Challenges**

With the development of the economics, different issues and problems will emerge in the market such as 1997 Asian economics crisis and 2007 American Subprime mortgage crisis. People cannot predicate these economics crises, they just can try their best to decrease economics crises damage to the economy and revive the economics as soon as possible. The

same as the banking and finance services sectors, these sectors will be the first industry affected. In that period of time, many people was fired by the company so that the company can save more money and especially, Singapore stock market also affected by the economics crises, many companies and investors loss money.

Inmoderntimes, everyone get a smartphone and people use Internet to communicate, but it's very dangerous when you use Internet to transfer document or money. They don't need to go to rob the bank to get money or even know the details of the targets; they can get everything through the Internet. The hacker can hack the Internet and see all the information in your account, and after that they will steal or sell your information to the market. The report said that (Jones, 2013), the police conservatively estimate that the group of five men from Russia and Ukraine helped steal at least 160 million payment card numbers, resulting in losses in excess of \$300 million. Therefore, it's very risky to transfer through the Internet, but it's the future of the banking and finance services sectors.

When the foreign companies join the Singapore market, there must have more competitions to the local company. When the foreign banks come to Singapore, the costumer have more choices to choose which one to use and which one they will get more benefit. In the other word, the number of the customers will decrease. When Citibank, standard chartered bank and HSBC etc. come into Singapore, the POSB, DBS and OCBC etc. suffer some certain of impact and loss. This will be a big challenge that banking need to fact it, as well as the financial services.

## **Strategic planning**

When banking and finance services sectors start their business, they need to have a scheme so that while the business encounter the risky, the company can loss lesser. First they need to study and analysis the high developed in each continent. Secondly, they can predicate the future trend so that can prepare the back-up plan in case of an emergency, it benefits these sectors run their company while the economics crises come, and prevent the company become chaos when it comes, the employee and top manager can run as they plan that they did in advanced. In the plan, if the company has to reduce a surplus, they can use following ways, downsizing, demotions, early retirement and demotions. These methods can reduce company's expenditure and the company can use this money to other ways, it's the best way to reduce the damage from the economics crises.

When the banking and finance services sectors use the Internet to transaction, they need to ensure their Internet is safe and need to check the firewall is work so that kill the virus and stop the hacker hack in the system or not the company will loss millions of money. After the company releases the application for the services, they need to guarantee that the application is safe enough; otherwise the costumers will ask the company compensation for their loss. The company needs to fix the bug immediately when costumers' feedback the problem to the company in case the criminal seizes the opportunity to steal the money and information. In the meantime, the company can work with cyber-police; it can avoid the cyber-crime effectively. When the cyber-crime happen, the company need to contract cyber-police

immediately, tell each details to them so that cyber-police can trace criminal's trace.

The situation of the local company will become more and more difficult while the foreign company come to share the market together. When the company competes with local and foreign company, they need to release more and more convenience and cheaper services so that to attract more and more costumers use your service. In order to hoisting competitiveness, OCBC publish a card called ' Plus! Visa Credit Card', the owner of this kind of credit card can enjoy a lot of promotion in different places, for example the costumers pay by this credit card with 5% off everything at FairPrice and FairPrice Online, 18. 3% fuel savings and earn Smiles Points at Esso, 3% off at Popular, etc. (OCBC, n. d.).

## **Conclusion**

MAS stand for Monetary Authority of Singapore, which is a central bank of Singapore. MAS is the place that to promote sustainednon-inflationary economic growth, anda sound and progressive financial center, therefore from 1987 MAS started to enact different act so that Singapore market can develop healthily and rapidly. In these act, MAS manage the different kinds of statutes pertaining to money, banking, insurance, securities and the financial sector in general, as well ascurrency issuance. It leads a success road for those banking and finance services sectors, and also provide a platform to them, let them to discuss and determined the important movement to the Singapore market. Singapore's successful cannot leave the MAS.

Banking and finance services sectors is one of the major contribution to Singapore's GDP, therefore it definitely has a great future. But in the meantime, these sectors should prevent the crisis from occurring in the first place. They need to learn from the pervious mistake and also learn from other country like America, China, Ireland, etc. so that these sectors will not make the same mistake that happened before. In the future, the government should publish a safe platform so that the commercial tenant can trade on it and no need to worried about the cyber-crime. And more and more company will come to Singapore to start their branch company, there will more competitive and contribute higher GDP to Singapore together.