

Opening Remarks by Mr Paul Yuen, CEO, The Institute of Banking and Finance at the NTU Investment Interactive Club Wealth Management Conference 2010 on 19 March 2010

Distinguished guests

Ladies and Gentlemen

A very good afternoon to all of you

Introduction

1. I am glad to be with you at this afternoon's Conference. I wish to commend the organizing committee and the NTU Investment Interactive Club for the hard work that has made this event possible. This conference provides a platform for students to gain knowledge and exchange ideas with industry practitioners and other fellow students on issues relating to the financial industry, with focus this year on the developments in wealth management.

2. I hope that at the end of the conference, participants will leave this place with a better understanding of some of the transformations taking place within the financial industry and the key considerations you should have in mind if you decide to pursue a career in this industry. Let me therefore start by sharing some of the recent developments and how these impact the financial industry, including wealth management.

Recent Developments in the Financial Industry

3. 2010 started on a promising note with signs of economic recovery taking shape after Q2 last year. In Q4 2009, our economy grew by 4%, an improvement from 0.6% in Q3. All major sectors posted growth in the 4th quarter of 2009, led by construction and financial services. With continued recovery of global trade and manufacturing, Singapore's economy is likely to see relatively firm growth in the immediate quarters. Local economists surveyed by MAS

recently expect our economy to grow by 6.5%, which is at the upper end of the Government's recent forecast. The financial sector has also staged a recovery, growing by 10.8% in Q4 last year, a significant increase from the declines experienced in the previous quarters. Financial sector employment has also grown in recent years. It has remained relatively resilient despite the financial crisis. Growth hiring has resumed in some of the industry segments, including wealth management.

4. While the worst may appear to be behind us, the outlook is still subject to various risk factors. These include possible sovereign downgrade or default, policy responses such as the timing for the withdrawal of fiscal stimulus packages and global regulatory changes, which could have unintended effects on economic recovery. As such, sentiments are likely to remain volatile.

5. The financial landscape will undergo fundamental changes. It will be redefined by numerous trends. These include (i) the shift towards tighter regulations, (ii) the growing economic and political importance of Asian economies, and (iii) changing business models and consolidation of businesses.

Shift towards Tighter Regulations

6. The financial crisis has resulted in an increased focus on better risk management practices and processes and corporate governance amongst financial institutions. Regulators and policy-makers across the globe are discussing and deliberating on the tightening of regulations to address the systemic, structural and institutional weaknesses uncovered during the recent crisis and prevent a recurrence of a similar crisis. These include capital and liquidity requirements, and compensation structures for bankers. These developments will invariably impact on the business models and profitability of financial institutions.

7. From the perspective of the investing public, investors who have been adversely affected by the drastic falls in investment values triggered by the

credit crisis and the unwinding of structured products would demand greater transparency and better risk-adjusted returns. Regulatory reforms would also play a part in addressing the need to restore investor confidence and trust.

Growing Importance of Asian Economies

8. It is increasingly accepted that the centre of gravity is shifting towards Asia. Unlike developed economies, the traditional drivers of global demand, which will take a longer time to repair their weakened balance sheets and reverse their fiscal deficits, Asian economies entered the recent crisis from a position of strength.

9. Asia is expected to grow in terms of its share of global production and consumption of goods and services. The demographics and savings patterns of Asians will support increasing consumer and healthcare spending in Asia. Coupled with the rise in infrastructure spending and increasing trade within Asia, these developments present opportunities for businesses and financial institutions. In a recent speech, Dr Tony Tan, deputy Chairman of the Government of Singapore Investment Company (GIC) expressed his belief that "the next decade could be the 'Golden Era' for Asia".

Changing Business Models and Consolidation of Businesses

10. These political and economic trends will influence the business plans of corporations. Financial institutions will need to review their existing business models and consolidate operations to achieve synergies and economies of scale. Financial institutions in developed economies that hope to tap on the growth opportunities in Asia will invariably consider establishing or increasing their presence in this region.

Opportunities for Singapore

11. What do these developments mean for Singapore? I believe that the outlook for Singapore and our financial sector remains positive. Singapore is well positioned to meet the challenges and opportunities because of our strong fundamentals, which include, among other things, a reputable legal system, a robust and progressive regulatory framework, and our business-friendly environment. The latest Global Financial Centres report published by City of London this month shows that Asian centres continue to rise in ranking, with Singapore posting double digit gains to close the gap on London and New York.

12. We have the ingredients to strengthen our position as an Asian home to Global financial institutions and a leading international marketplace in Asia. However, to enable us to take the next leap, our growth would have to be supported by a highly skilled financial workforce – one that demonstrates high standards of competency and professionalism. This is especially pertinent in wealth management business, where competency, professionalism and integrity are crucial elements in building trust and confidence in clients. It is also a key thrust of the recommendations of the Economic Strategies Committee and the recent Budget statement, where the Minister for Finance highlighted that quality and sustainable growth would have to be matched by enhancement of skills, knowledge and competencies.

Enhancing Professional Competency and Standards

13. With the support of MAS and the Singapore Workforce Development Agency (WDA), The Institute of Banking and Finance developed the Financial Industry Competency Standards (FICS) as a national framework to enhance the quality of our financial workforce.

14. FICS was developed through international benchmarking based on studies of financial qualifications framework in leading countries and consultations with hundreds of leading industry practitioners from almost 100

financial institutions. It covers more than 50 job functions across the financial industry, and includes the Wealth Management industry segment, which comprises, among other job families, relationship management, investment advisory, trust administration, and trust and estate planning.

15. The standards provide a rigorous and practice-oriented framework that enables practitioners to be trained and assessed according to the competency requirements of the relevant job functions. It also provides a pathway for practitioners with the requisite industry and job experience to be recognized through certification, and to progress to higher levels of certification with increasing job and supervisory responsibilities, eventually attaining the Financial Industry Certified Professional (or FICP) title.

Conclusion

16. As students who aspire to join the financial industry, you will play an important role in contributing to the success of this industry. I encourage you to pursue academic excellence with passion and intellectual curiosity. If you aspire to carve out a career in the financial industry, it would benefit you greatly to leverage on FICS accredited programmes to equip yourself to meet the demands of the job.

17. Beyond deepening your skills and competencies, you should remember to uphold the high standards of ethics and professionalism (as every FICS certified practitioner does), so that your work will benefit your employer and your clients, and contribute towards the development of the industry and Singapore.

18. I wish you all a fruitful discussion at the conference. Thank you.