

# MAS plans to reform financial sector

Easier financing for new entrepreneurs and smaller companies; steps to spur innovation

Wong Siew Ying

Sweeping reforms are on the way to make it easier for smaller firms and budding entrepreneurs to secure financing for their businesses.

There are also initiatives to drive innovation in a number of areas, including strengthening Singapore's already leading role as a foreign exchange centre.

The reforms are a response to recommendations by the Committee on the Future Economy to help firms grow and develop new capabilities amid global competition and technological change.

The measures, which were announced yesterday by the Monetary Authority of Singapore (MAS), are designed to gear up the financial sector for the future, including "strengthening financing channels" for firms with strong growth potential.

MAS managing director Ravi Menon said in a statement yesterday: "The underlying thrust ... is to provide a conducive environment for innovation - which is critical for the future of financial services.

"We do this through a judicious regulatory framework and enabling technology infrastructure. And even as we allow more risk-taking, we want to do so without compromising the safety of financial institutions and the stability of the financial system."

Several initiatives address the financing needs of firms and entrepreneurs, including what MAS calls "next-generation Asian

growth companies". It will also tweak the regulations to enable finance companies to lend more to small businesses.

There are moves on the innovation front as well, with MAS and a local finance technology firm developing an electronic trade-finance platform. It is also promoting electronic trading platforms for foreign exchange to underpin Singapore's competitive edge as Asia's leading hub for currency trades.

CIMB economist Song Seng Wun told The Straits Times that the initiatives are positive steps to help firms access funding, but it also depends on the financial institutions' appetite for risks.

MAS said it is also looking to simplify the authorisation process and regulatory framework for venture capital managers in the coming year to support start-ups.

"It shows that the MAS is listening to market feedback and is making Singapore a more progressive ecosystem for venture capital firms to operate in," said Mr Vinnie Lauria, founding partner of Golden Gate Ventures, which helped start-ups such as Carousell.

MAS may also introduce dual-class share structures to support the growth of high-tech firms.

MAS also said it is forming a new Data Analytics Group with effect from March 15, to help it enhance the supervision of financial institutions and make regulatory compliance more efficient for the banks.

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# Industry watchers welcome ideas to boost financial sector

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Proposals announced yesterday to boost the financial sector have been welcomed by industry watchers.

The measures, which followed the Committee on the Future Economy recommendations, were wide-ranging, including strengthening financing for companies of all sizes with strong growth potential and building technology infrastructure.

Venture capital firms said the proposals, which were announced by the Monetary Authority of Singapore (MAS), would boost the vibrancy of the fast-evolving financial sector, including new areas such as fintech and e-payments.

"Singapore's start-up economy is

searching for its own inflection point to take off and can do this only with evolved, calculated government support," said Mr James Bitanga, chief legal officer of venture capital firm Reapra.

He highlighted that the recommendations on new financing policies, such as studying private market financing platforms in other economies, would bolster the private finance ecosystem.

Mr Justin Hall, principal at venture capital firm Golden Gate Ventures, noted that MAS said it would simplify regulatory requirements for venture capital managers, which will "go a long way in helping facilitate the formation of new capital in Singapore".

He welcomed news that MAS was

looking at ways to boost the use of e-payments. Part of MAS' drive to boost the use of e-payments includes the introduction of the Central Addressing Scheme (CAS), which will be implemented in the third quarter. It lets users make fund transfers using proxies, such as mobile numbers and NRIC numbers, instead of bank account numbers.

A spokesman for DBS, which is part of the CAS task force, said CAS is an important infrastructure that will let banks develop better payment applications for customers.

Mr Leow Tze Wen, chairman of EQ Insurance, said measures to build data infrastructure for natural catastrophe and cyber risk insurance was a step in the right direction, as insurers need such information to price and offer such a product. "If the data collection is readily accessible and the data is reliable, it will help insurers here price the product, and will grow cyber risk insurance in Singapore," he added.

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## Financial sector gears up for the future economy

### 1 Financing channels for next-generation Asian growth companies



Simplify **authorisation process and regulatory regime for venture capital managers** to support start-ups



Strengthen **role of finance companies** as active providers of SME finance



Study introduction of **dual-class share structures** to support growth of high-tech companies



Develop **private market platforms** to unlock capital for successful entrepreneurs of private companies

### 2 Technology infrastructure to drive innovation



**Trade finance**  
Develop an e-marketplace for trade finance assets



**Foreign exchange**  
Promote e-forex trading platforms



**Banking**  
Explore feasibility of developing an industry know-your-customer utility



**Insurance**  
Build data infrastructure for natural catastrophe and cyber risk insurance



**Fintech**  
Develop infrastructure for the pervasive use of e-payments