

Chee Hong Tat: Building a stronger tomorrow: family offices in our flourishing wealth management landscape

Speech by Mr Chee Hong Tat, Minister for Transport and Second Minister for Finance, and Deputy Chairman of the Monetary Authority of Singapore, at the Global-Asia Family Office Summit, Singapore, 16 September 2024.

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CEO of the Wealth Management Institute, Ms Foo Mee Har
Distinguished Guests, Ladies and Gentlemen,

I am delighted to be here at the Global-Asia Family Office Summit. Earlier this year, I joined the Monetary Authority of Singapore (MAS) as a board member, and I have enjoyed meeting with management and professionals running our financial industry, ranging from banks to asset managers, insurers and capital market entities. Today, I look forward to speaking with the community of family offices in Singapore.

Continued growth in wealth management sector

The family office community in Singapore is a vibrant and growing space. From just 400 single family offices awarded MAS tax incentives as at 2020, it grew 3.5 times to 1,400 at the end of last year. In the first 8 months this year, we added another 250 to reach 1,650 single family offices. Growth has continued to be robust, and we expect the number of new single family offices for 2024 to surpass the 300 that we added in 2023.

To those who have recently chosen to set up your family office here, a warm welcome to Singapore. You have joined us at a good time – Asia's prospects ahead are bright and the growth momentum remains strong. The Asia Pacific region is expected to grow by 4.9% in 2025, faster than any other part of the world. And Singapore as a hub in Asia will benefit from this positive development, growing together with our region.

As a strategic gateway to Asia, Singapore remains a trusted financial centre and well-regarded destination for asset and wealth management. Growth in assets under management, or AUM, last year was driven by increase in valuation and net inflows across traditional and alternative assets, as well as in wealth management and many other activities. The wealth management AUM recorded a growth of more than 8% in 2023, continuing the trend of growth in the past few years. And overall, the 5-year compounded annual growth rate of wealth management AUM came up to about 10%.

Wealth owners choose Singapore for many reasons – our strong rule of law, robust and predictable regulatory regime and a comprehensive ecosystem of wealth managers and professional service providers are also some of the reasons. Equally important to wealth owners who spend time here is our high quality of life, our safe and secure environment which is family-friendly, and our excellent connectivity with the rest of the world, as well as our world-class education and healthcare systems.

Local banks like the Bank of Singapore and UOB, as well as global private banks such as Citi, HSBC and Nomura, have announced their plans to continue expanding their

teams and offerings in Singapore. A survey conducted by MAS with a group of leading private banks in Singapore earlier this year found that client assets in the first quarter of 2024 grew by 9.5% compared to the same quarter one year ago. And this was echoed by BCG's Global Wealth Report which projected that Singapore would grow by 8.5% per annum between 2023 to 2028, faster than any other global wealth centres.

Singapore's high standards of regulation foster a reputable environment for genuine investments and wealth management activities to flourish and bloom. And this is our strength and our branding. We will continue to provide a trusted and stable environment, giving investors assurance and confidence – in Chinese, what people would say "" as a sense of assurance. We need to strike the right balance between having robust regulation and growth, and continue to be the key to success of our wealth management sector. We do not want to dilute our focus on providing this safe, trusted environment, which will require robust regulations. But robust regulations and proper safeguards can go hand in hand with an environment that is also business-friendly – and that is what we want to achieve.

I would like to reassure our industry stakeholders that Singapore will continue to welcome legitimate wealth, genuine investments and complementary international talent from around the world. And the more turbulent and disruptive the external environment becomes, the more we must remain open, welcoming, stable and secure to differentiate ourselves.

MAS will continue to focus on providing a conducive environment for wealth owners and family offices. For example, in response to industry feedback, MAS recently provided guidance to financial institutions on how they can implement risk-proportionate due diligence checks on the source of wealth of their customers to avoid undue delays in bank account opening timeliness. MAS has also streamlined the tax incentive application process, to reduce the waiting time for family office funds. We will work together with our industry partners to improve our processes to make them simpler, better and faster.

Impact created for Singapore

The family office ecosystem has added diversity to our financial sector and created value for Singapore's economy and society. I would like to acknowledge and express my appreciation to the family office community for your contributions to Singapore.

- Family offices have created good jobs in Singapore, both directly, when you hire your investment professionals locally, and indirectly, when you engage the services provided by our private banks, fund managers, as well as legal and tax firms.
- The patient capital that families bring, along with your business know-how and networks, can greatly contribute to nurturing our local ventures and innovation activities. Take for example, Trei's Group, whose S\$20 million investments spurred the growth of GetGo, the largest carsharing platform in Singapore, with the mission to promote sustainable mobility.
- Family-led enterprises have also been key contributors to climate mitigation and adaptation causes. For example, the Olayan Group donated towards the Asia

Climate Solutions Design Grant launched by MAS in partnership with Convergence. The grant defrays the cost of early-stage preparation and design of innovative blended finance solutions. The grant has supported projects coming from clean energy transition to nature-based solutions, catalysing a pipeline of investible projects that would otherwise be under-capitalised.

Conducive and rich ecosystem of service offerings

There is further potential for family offices to grow and contribute. To achieve this, we must strengthen the value proposition of our family office ecosystem, through three key areas:

- First, families' interest in philanthropy and doing good by giving back to help others in society.
- Second, families' interest in investing as private equity or venture capital.
- And third, to build talent and capabilities in the family office space.

I'll touch on each one briefly.

Starting off with philanthropy. Many family offices are already keenly aware of the important role they can play in contributing to the broader community and helping the less fortunate. Indeed, we are seeing growing interest from family offices to become a "force for good" – so not just to do well, but also to do good –and establish a legacy that extends beyond financial gains and wealth accumulation.

For example,

- The Ishk Tolaram Foundation supports education and skills training for dyslexic pre-schoolers and autistic talent to pursue engineering careers.
- The Tsao Foundation contributed significantly to eldercare solutions in the community and brings together stakeholders to implement programmes and policy research on effective ageing.

Yet many families are often faced with questions like how to give, and what organisation to give to? Like a trekker looking upwards towards Mount Everest, wondering how to take your first step that will pave your way to reach the summit. This is why Singapore is developing a range of initiatives to support your philanthropy and impact journey.

- This includes mountain guides to support you on your climb. We have been systematically deepening the pool of professionals in Singapore with expertise in philanthropic advisory and impact capital.
 - In 2021, MAS and the Institute of Banking & Finance launched the Philanthropy Advisory Technical Skills and Competencies to provide guidance on the skills and competencies that professionals should possess to support the philanthropic aspirations of high-net-worth individuals and families. This served as a resource for training providers in the design of relevant training curriculum.
 - We then set up a dedicated Centre for Sustainable Finance and Private Wealth in 2022, founded by the University of Zurich, to equip finance

professionals in Singapore with the knowledge to drive sustainable investment strategies for their clients in Asia. More than 800 professionals have participated in training courses since its inception, acquiring valuable skills in sustainable finance, impact investing and mobilising private capital for sustainable development.

- The Wealth Management Institute has also seen significant enrolments in sustainable finance courses: in the last 2 years, it saw more than 2,000 enrolments into sustainable finance courses.
- And earlier this year, the Asia Centre for Changemakers, hosted under the WMI, launched the Certified Impact Philanthropy Professional, Asia's first-ever dedicated certification mapped to industry skillsets for philanthropy advisors.
- Now, besides mountain guides to help family offices who want to scale to the summit, we also want to provide you with climbing mates who share your passion and who can climb the mountain together with you. We are growing a community with the "Impact Philanthropy Partnership" that is led by WMI and the Private Banking Industry Group, where families can share on their philanthropic experiences and build a network of like-minded peers. There is no need to climb the summit on your own. You will have mountain guides to help you, and you will have climbing mates to make your journey together.
- And of course, you must also have good climbing gear and we are catalysing the growth of tools and structures, such as Donor Advised Funds, and deal-share, due diligence and impact monitoring platforms to make it easier to give by handling the administrative work and research.
- And finally, to provide a conducive climate for your climb. We have introduced tax policies to encourage donations both locally and overseas. Singapore has been granting 250% tax deductions on donations to local Institutions of Public Character for more than a decade. For overseas donations, we have seen growing interest from family offices in the Philanthropy Tax Incentive Scheme launched at the start of this year to provide qualifying donors with a 100% tax deduction.

Philanthropy is a long journey, but we believe that with skilled mountain guides, like-minded companionship, good climbing gear, and a conducive climate, you will be successful in your philanthropic ascent. And I hope that you will tap on these resources and be a part of our journey as we develop Singapore into a global centre for philanthropy.

Beyond philanthropy, we also want to give wealth owners the best opportunities in preserving and growing your wealth. As I mentioned earlier, we need to do well so that we can continue to do good. To achieve this, Singapore is home to more than 300 private equity and venture capital fund managers, many who are keen to partner family offices like yourselves on co-investment opportunities.

- MAS has been working closely with the industry to develop Singapore's private markets over the last few years. We enhanced the operating environment for VC investments through calibration of our regulatory framework for VC managers.

Singapore currently has four private market platforms that are established in Singapore, such as ADDX and Capbridge, and we are working to anchor more of such players here.

- And to further strengthen linkages between family offices and the local investment and innovation ecosystem, the Economic Development Board and MAS will continue to work closely with Enterprise Singapore and SGInnovate, and we have set up several platforms to connect local companies to potential investors like family offices. This is another area which you can deploy your wealth, which is to help grow the start-up ecosystem. And hopefully, you can also get good investment returns.

Skills development for the industry

And finally, we believe that good talent is the bedrock of a successful family office ecosystem. I am pleased that WMI is supporting the development and upskilling of Singapore's family office-related workforce. With over 5,000 enrolments since 2020, feedback of the programmes have been positive and have provided valuable networking opportunities for learners with educators and other industry professionals.

Now importantly, WMI is not resting on its laurels. Earlier this morning, WMI announced that they will be embarking on two new flagship programmes – the Changemaker Impact Endeavour Fellowship Programme to support Asia's philanthropists bringing about effective change and impact, and a new Dalio Investment Principles programme to build stronger portfolio management capabilities among family offices principals and investment teams. Two good new initiatives.

These programmes will complement WMI's existing suite of training programmes for family office principals and professionals, and take our family office ecosystem to greater heights. I want to thank Ms Foo Mee Har and her team at WMI for their good job and for playing this important role to grow the wealth management sector from strength to strength.

Conclusion

Ladies and gentlemen, let me conclude the speech by reiterating that Singapore will continue to enhance our ecosystem of service offerings, underpinned by trust, strong regulation and supportive government policies. This is a place that you can put your money for investments for the long-term and be assured of the stability and trust here. My colleagues and I are confident that the sector has much potential to grow further in the years ahead, and we want to work together with all of you to contribute more opportunities for Singapore and create more good jobs for Singaporeans. We also want to help you, in the process of investing here and setting up your family office, to do well and do good, to achieve the impact and legacy that you want for your families.

Thank you for being here today, and I hope that the Summit will bring you insightful learnings, foster meaningful connections, and facilitate greater positive impact for Singapore and the region. Thank you very much.