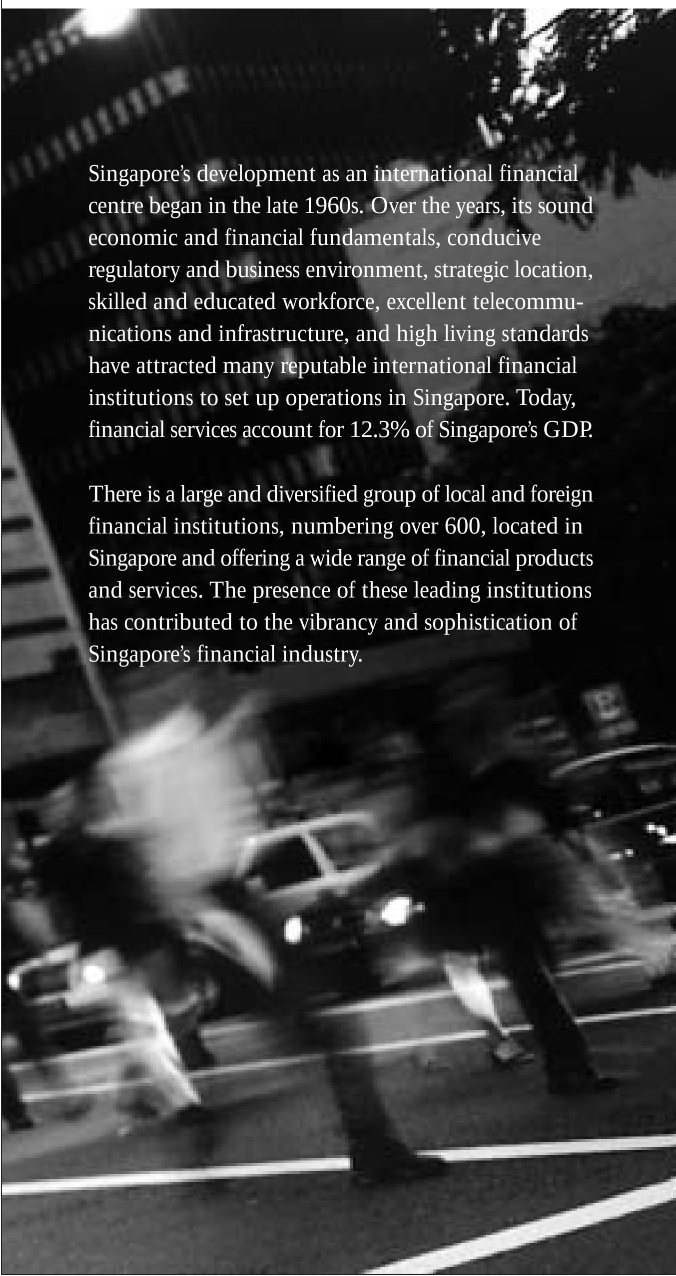
Monetary Authority of Singapore



Singapore's development as an international financial centre began in the late 1960s. Over the years, its sound economic and financial fundamentals, conducive regulatory and business environment, strategic location, skilled and educated workforce, excellent telecommunications and infrastructure, and high living standards have attracted many reputable international financial institutions to set up operations in Singapore. Today, financial services account for 12.3% of Singapore's GDP.

There is a large and diversified group of local and foreign financial institutions, numbering over 600, located in Singapore and offering a wide range of financial products and services. The presence of these leading institutions has contributed to the vibrancy and sophistication of Singapore's financial industry.

Monetary Authority of Singapore

ANNUAL REPORT 2002/2003

Monetary Authority of Singapore

ANNUAL REPORT 2002/2003

our mission

To promote sustained non-inflationary economic growth, and a sound and progressive financial centre.

our objectives

To conduct monetary policy and issue currency, and to manage the official foreign reserves and the issuance of government securities.

To supervise the banking, insurance, securities and futures industries, and develop strategies in partnership with the private sector to promote Singapore as an international financial centre.

To build a cohesive and integrated organisation of excellence.


MAS

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MONETARY AUTHORITY OF SINGAPORE

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Chairman

2003 is proving to be a much more challenging year than 2002. Fortunately, the war in Iraq was short and its economic impact limited. But the outbreak of Severe Acute Respiratory Syndrome (SARS) is an unexpected blow to Asian economies, including ours.

The SARS outbreak is a new and major uncertainty for the region. How lasting and deep the effects of SARS will be difficult to predict. Its impact is felt most acutely in the tourism, hospitality and transport industries, but extends beyond these sectors. We have lowered our Gross Domestic Product (GDP) forecast for 2003 to a range of 0.5-2.5% from the initial 2.0-5.0%. This assumes that the outbreak remains under control and does not become a worldwide problem.

Against the backdrop of a more uncertain outlook, slower growth and a benign inflationary environment, monetary policy will continue to be supportive of recovery in the domestic economy.

At such times, our small, open economy is particularly vulnerable to external shocks. Volatile markets and poor economic conditions have heightened the risks to financial institutions. Competition has put pressure on margins, sometimes inducing financial institutions to take on more risk. With liberalisation, our financial sector is less sheltered from these risks than before, but also more prepared to meet them.

Putting up walls will not keep out these risks. We have to strengthen our ability to manage them. The fundamentals are in place. MAS will continue to sharpen its risk-based supervisory capabilities. We will collect better information and use it more effectively to produce more accurate risk profiles of the financial institutions we supervise. Instead of preventing institutions from taking risks, we are encouraging them to better identify, monitor, and control the risks they take. Continued vigilance will help institutions to monitor their own status, and pre-empt deterioration before damage is done, both to the institution itself and to the financial system as a whole.

More broadly, as global financial conglomerates become more dominant, and as financial institutions transfer risks more actively across the industry, regulators need a more holistic understanding of the entire financial system, to identify what and where its potential vulnerabilities are, and how exogenous shocks might weaken it. MAS is therefore enhancing its capabilities in integrated supervision and financial surveillance. We must always plan a few steps in advance. That is why we emphasised the importance of sound Business Continuity Plans (BCP) for our financial system. Dramatic events in recent years gave MAS and the financial sector opportunities to test their preparedness against operational disruptions. To further strengthen the financial system, MAS formulated guidelines in January 2003 on sound BCP practices, which have proved helpful to financial institutions responding to the SARS crisis.

To stay ahead in uncertain times, we must continuously innovate and adapt to changing conditions. MAS will monitor market developments closely, consult actively with industry, and refine and update our regulatory and supervisory framework to maintain and enhance Singapore's position as a resilient, competitive, and dynamic international financial centre.

I wish to take this opportunity to express my sincere appreciation to Mr. Khaw Boon Wan for his significant contributions to MAS and the financial sector. Mr. Khaw stepped down from the MAS Board in July 2002, having served as a member since 1998.

LEE HSIEN LOONG
Chairman
Monetary Authority of Singapore

MANAGEMENT TEAM

Managing Director
Mr Koh Yong Guan

Deputy Managing Director
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Mr John Palmer

Assistant Managing Director
(Banking/Corporate Resource)
Mrs Foo-Yap Siew Hong

Assistant Managing Director
(Economic Research & Financial Stability)
Dr Khor Hoe Ee

Assistant Managing Director
(Complex Institutions)
Mr Ravi Menon

Assistant Managing Director
(Monetary Policy & Investment/
Currency & Human Resource)
Mr Ong Chong Tee

Assistant Managing Director
(Development & External Relations)
Ms Teo Swee Lian

Assistant Managing Director
(Market Conduct)
Mr Shane Tregillis

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MONETARY POLICY & INVESTMENT

Mr Ong Chong Tee
Assistant Managing Director

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Managing Director's Office
Koh Yong Guan, Managing Director

General Counsel's Office
Ng Heng Fatt

Strategic Planning Office
Teo Swee Lian

Internal Audit
Timothy Ng

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  - Division II — Teo Lay Har
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  - Division IV — Chua Kim Leng
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  - Division I — Lim Phang Hong
  - Division II — Goh Gin Choo
  - Division III — Wan Aik Chye

Insurance Supervision
Hauw Soo Hoon

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- Division II — Teo Siew Mui
- Division III — Portia Ho
- Division IV — Leow Yung Khee
- Prudential Policy — Low Kwok Mun
  - Capital Policy — Ho Hern Shin
  - Prudential Policy — Loo Siew Yee
- Specialist Risk Supervision — Enoch Ch'ng
  - Financial Risk — Enoch Ch'ng
  - Payments & Infrastructure — Terry Goh
  - Technology Risk — Tony Chew

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  - Consumer Issues — Merlyn Ee
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  - Manpower Planning & Recruitment — Betsy Tan
  - Training & Career Development — Han Twee Heng (Acting)

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  - Applications — Huay Khee Chuang
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  - IT Security — Khor Kar Siam

DEPARTMENTS IN MAS

DEPARTMENTS IN MAS

ECONOMIC RESEARCH, MONETARY POLICY AND RESERVE MANAGEMENT

Economic Policy Department

The Economic Policy Department (EPD) formulates monetary policy appropriate for sustained and non-inflationary economic growth in Singapore. It conducts surveillance of the domestic economy, and provides analyses and forecasts to support policy decisions. In addition, EPD undertakes in-depth studies on issues faced by the Singapore economy.

Macroeconomic Surveillance Department

The Macroeconomic Surveillance Department (MSD) conducts surveillance of the financial system to identify emerging trends and potential vulnerabilities, and closely monitors and evaluates developments in G-3 and regional economies, as well as international financial markets. It works closely with MAS' supervisory departments to ensure that both macro and micro-prudential perspectives are brought to bear on financial stability issues.

Reserve and Monetary Management Department

The Reserve and Monetary Management Department (RMD) has two distinct functions. The Monetary Management Division (MMD) in RMD implements Singapore's monetary policy by managing the exchange rate within its targeted policy band, and conducts money market operations to manage liquidity in the banking system. MMD is also responsible for issuing Singapore Government Securities (SGS), and fostering the development of the SGS market. RMD is also responsible for investing MAS' foreign reserves. It operates in major bond and currency markets globally, and works with external fund managers.

DEVELOPMENT & EXTERNAL RELATIONS

External Department

The External Department (EXT), in consultation with management, develops MAS' policies on international monetary and financial issues, enabling MAS to play an active role in international financial fora. Working closely with other Singapore government agencies, EXT promotes cooperation with other central banks, finance ministries and international financial institutions. EXT is also responsible for external communications, including media relations.

Financial Centre Development Department

The Financial Centre Development Department (FDD) is responsible for developing and promoting Singapore as an international financial centre. It identifies financial activities that add to the breadth and depth of the financial industry, develops strategies to anchor such activities in Singapore and organises events to help raise the profile of Singapore's financial sector. FDD aims to create a conducive operating environment for financial institutions through constant review of the regulatory, tax and legal framework in Singapore. To ensure longer-term competitiveness, FDD focuses on strategies to nurture a world-class financial sector workforce and financial innovation in Singapore. FDD has offices in Singapore, New York and London.

MARKET CONDUCT

Market and Business Conduct Department

The Market and Business Conduct Department (MCD) formulates and implements market and business conduct policies in the interests of depositors, investors, and policyholders. It is responsible for formulating MAS' positions on competition issues, corporate governance standards, and accounting practices, as well as administering the Financial Advisers Act and licensing insurance brokers under the Insurance Act. It is also responsible for financial education.

Securities and Futures Supervision Department

The Securities and Futures Supervision Department (SFD) has supervisory responsibility for capital markets and administers the Securities and Futures Act. It regulates the origination and trading of securities and derivatives products, supervises capital markets intermediaries, regulates the offering of shares, debentures and collective investment schemes, and oversees takeover issues. It has regulatory oversight of securities and futures markets and clearing houses. It also enforces the civil penalty regime for market misconduct.

PRUDENTIAL SUPERVISION

Banking Supervision Department and Complex Institutions Supervision Department

The Banking Supervision Department (BD) and the Complex Institutions Supervision Department (CI) are responsible for prudential oversight of all commercial banks, merchant banks, and finance companies. They license and continuously monitor the soundness of financial institutions under them through off-site surveillance and on-site examination, and also actively promote the adoption of international best practice in risk management and corporate governance in the banking industry. CI supervises local financial groups on a whole-of-group basis, across their banking, insurance/bancassurance and securities activities globally.

Insurance Supervision Department

The Insurance Supervision Department (ID) administers the Insurance Act and has as its primary objective the protection of policyholders' interests. ID adopts a risk-focused approach in the prudential and market conduct supervision of insurance companies. ID carries out its responsibilities by way of both off-site surveillance and on-site examination, and works with foreign supervisors as part of a holistic supervisory approach. In its standards development role, ID works closely with industry associations to promote the adoption of best practices by the industry.

Prudential Policy Department

The Prudential Policy Department (PPD) is responsible for formulating capital and prudential policies for banks, insurance companies and securities firms to promote a sound and dynamic financial sector. In doing so, it seeks to provide a harmonised regulatory framework that facilitates a more integrated risk-based supervisory approach across the financial sector.

Specialist Risk Supervision Department

The Specialist Risk Supervision Department (SRD) provides the financial and technology risk expertise necessary for MAS' supervisory and regulatory functions, and for the assessment of individual institutions and system-wide risks. SRD monitors developments and trends in the sector, and seeks effective and efficient approaches to deal with the risks identified. SRD also oversees payment infrastructures with the objective of fostering their stability and efficiency.

CURRENCY AND CORPORATE RESOURCE

Corporate Services Department

The Corporate Services Department (CSD) provides administrative and logistical support to other MAS departments. It also supports MAS in all its official events, functions and visits. CSD is responsible for the maintenance and operations of MAS' facilities and oversees tenancy issues. It also takes charge of all security related matters.

Currency Department

The Currency Department (CD) is responsible for maintaining the integrity of the Singapore currency issue. It issues and receives notes and coins to and from the banks, and manages the currency stock to meet demands.

Finance Department

The Finance Department (FD) is responsible for managing MAS' financial resources. Its functions comprise control and budgeting of MAS' assets/liabilities, and accounting, settlement, safe-custody, risk management and performance evaluation of MAS' global investments, including the Currency Fund and the Financial Sector Development Fund (FSDF). In addition, FD administers the issuance of Singapore Government Securities (SGS) and the MAS Electronic Payment System (MEPS), and maintains the current accounts of international monetary organisations, banks and other financial institutions held with the MAS.

Human Resource Department

The Human Resource Department (HRD) formulates and implements MAS' human resource management policies. It is responsible for attracting talent for the organisation, managing and retaining staff through a fair performance appraisal system and a competitive remuneration package, as well as developing talent through needs-based training and development programmes.

Information Technology Department

The Information Technology Department (ITD) promotes the strategic use of technology and provides IT services to the organisation. ITD also manages two nation-wide financial networks, namely the MASNET and MEPS. The networks provide the infrastructure for efficient electronic communication and collaboration in the financial sector, and minimise payment risks for Singapore's banking system, respectively.

INTERNAL AUDIT

Internal Audit Department

The Internal Audit Department (IAD) provides independent and objective assurance of a progressive and effective control environment in MAS. This is achieved by conducting risk-focused audits to ascertain the adequacy and effectiveness of controls and procedures for managing risks arising from the whole spectrum of the MAS' operations. IAD also performs value-added audit services to improve the economy, efficiency and effectiveness of operations.

General Counsel's Office

The General Counsel's Office (GCO) oversees all legal matters in MAS. This encompasses advising on various issues that emanate from the functions of MAS as a central bank and financial regulator, assisting other MAS departments in the development and formulation of regulatory and supervisory frameworks, and the drafting of statutory and regulatory instruments, commercial agreements and other legal documents.

Strategic Planning Office

The Strategic Planning Office (SPO) advances the collective formulation of corporate priorities, strategies and initiatives that best serve MAS' objectives. The Office plays a central role in driving the strategic and corporate planning processes in MAS, and serves as the secretariat to the Board and management fora. It also seeks to build a more cohesive and integrated organisation through fostering a conducive culture for organisational effectiveness.

THE FINANCIAL SECTOR -
KEY REGULATORY AND SUPERVISORY INITIATIVES

THE FINANCIAL SECTOR - KEY REGULATORY AND SUPERVISORY INITIATIVES

Since 1998, MAS has embarked on a strategic shift in our regulatory and supervisory philosophy. MAS has now established a regulatory framework that aims to be more flexible and integrated. Supervision of financial institutions has also been transformed from a bottom-up, audit-based approach to one that is more holistic and forward-looking.

Risk-Based Regulatory Regime

Fine-tuning of risk-based regulatory frameworks for banks, insurers and securities companies continued apace.

For banks, the New Basel Capital Accord ("New Accord") is expected to be finalised by the end of 2003. The New Accord emphasises risk management and will require banks to have improved risk assessment capabilities. MAS welcomes the New Accord and intends to follow the implementation schedule set by the Basel Committee on Banking Supervision.

To ensure a smooth transition to the new capital standard, MAS has been in close consultation with the Singapore-incorporated banks to assess the impact. MAS will explore how the proposals can be best adapted for local market conditions within the supervisory discretion provided in the New Accord. We are fine-tuning our framework for setting individual bank capital adequacy requirements according to the risk profile and risk management capabilities.

For securities and futures intermediaries, a risk-based capital framework came into force in October 2002. The new framework applies to capital markets services licence holders, with the exception of non-member securities dealers and futures brokers. A similar framework for the latter will be developed in the coming year.

For the insurance industry, a risk-based capital framework was rigorously tested last year and will be applied in 2004. The major changes in the investment environment in the past decade and the wider range of products have increased the risks borne by insurers, and they need a sufficient financial buffer to manage this risk.

The new framework measures asset and liability risk more effectively, with early indicators of weaknesses that will trigger closer supervisory attention.

Last year, MAS also introduced a Liquidity Supervision Framework for individual banks. Banks opt for a risk-determined minimum liquid asset requirement specific to themselves. This is subject to MAS' periodic assessment of the bank's liquidity risk management system and processes, its liquidity risk exposure and cashflow volatility.

Prudential Policies

MAS continued to work with banks on the separation of financial and non-financial activities. This policy, announced in June 2000, requires banks in Singapore to focus on their core financial business, so as to minimise contagion risk and conflicts of interest. The banks are required to complete all necessary restructuring and divestments by July 2004.

Last year, MAS provided close guidance to the banks to clarify some of the finer details of the policy, and will continue the dialogue with them as they work toward the July 2004 deadline.

In January 2003, MAS lifted its 1995 car loan guidelines which restricted car loans to 70.0% of the purchase price. MAS will continue to review its prudential regulations and limits where appropriate, in line with its risk-based approach.

In August 2002, MAS released a consultation paper on establishing a deposit insurance (DI) scheme. The objectives of the scheme are to provide small depositor protection and to dispel the perception of an implicit government guarantee of deposits. Key recommendations for the scheme such as a risk-based premium regime and insured deposit priority have received support.

The next phase of the ongoing study will address implementation and legal issues in setting up the DI scheme. The study is expected to be completed by end 2003 and MAS will hold consultations with industry and other interested parties on the recommendations.

Enhancing MAS' Supervisory Role

Risk-focused supervision involves assessing key risks facing financial institutions and their ability to manage these risks. MAS has enhanced its risk-focused supervision capabilities in recent years with the implementation of structured risk assessment frameworks for banks, insurance companies and capital markets intermediaries. Using these frameworks, MAS evaluates the risk profile of each institution and the adequacy of its risk management practices to form an overall assessment of the institution's health and the likelihood of key risks materialising in the future. In addition to the risk assessment, MAS takes into account the impact posed by the financial institution to

Singapore's financial system and economy, to design an appropriate supervisory plan for the institution. Greater supervisory attention is given to those institutions that are systemically important and/or more risky.

Greater Consistency in Standards Across Sectors

Further progress was also made in bringing about greater consistency in standards across banks, insurance companies and securities firms.

Consolidation and innovation have in the last two years intensified in the financial services industry in Singapore. While significant differences remain in the core business activities of banks, insurance companies and securities firms, some of their products and services have crossed the sectoral divide. MAS thus needs to ensure greater consistency in our application of policies and rules across the different sectors.

In addition, some industry players, like local banking groups, have complex group structures and operations that straddle different industries. MAS' traditional approach of supervising on an industry basis is now less appropriate for such groups. Risks at an individual entity could have implications for the entire group.

To strengthen our capacity to supervise and assess the risk profile of financial institutions on a group-wide basis, a Complex Institutions Supervision Department was established. This department will take an integrated approach to supervising these institutions, evaluating them on a whole-of-group basis across their banking, insurance and securities activities. A Supervisory Methodology Unit within this department will develop and enhance the practice of consolidated and integrated supervision.

Our internal systems were further improved to support the new integrated supervision initiatives. An internal licensing database gives supervisors of capital markets intermediaries and financial advisers ready access to information about the licensees, which makes the supervision process more efficient.

The Banking Supervisory System has also been enhanced to offer MAS' examiners integrated and direct access to key statistics, ratings, reports, and audit findings of the financial institutions through a single web-based interface.

Box 1

SINGAPORE PARTICIPATES IN FSAP

The International Monetary Fund (IMF) and the World Bank have, since 1999, run checks on national financial systems under the Financial Sector Assessment Programme (FSAP). Launched in response to the financial crises of the 1990s, the programme has assessed the financial systems of more than 40 countries.

Singapore volunteered to participate and had its first check in 2002. 14 assessors from the IMF/World Bank and supervisory agencies visited Singapore in November. They studied Singapore's observance of six international standards and codes on banking, insurance, securities, transparency, payment and settlement systems.

A final report will be made in late 2003 after another visit by the assessing team to review Singapore's observance of standards and codes on anti-money laundering, conduct stress testing, and assess the risk and vulnerability of the financial system.

BUILDING STRONG PILLARS FOR GOOD CORPORATE GOVERNANCE

Higher standards of corporate governance are needed in the financial sector to foster a stronger risk management culture, better internal controls, and greater transparency.

Key initiatives taken last year to improve corporate governance included:

- Formation of the Council on Corporate Disclosure and Governance (CCDG) to review accounting standards, corporate governance and disclosure issues.
- Requirement for all listed companies to comply with the Code of Corporate Governance for financial years beginning on or after 1 January 2003.
- Acceptance and implementation of corporate law reforms to support new business structures and models.
- Proposed enhanced corporate governance standards for MAS-regulated financial institutions.

Established in August 2002, the CCDG comprises members from businesses, professional organisations, academic institutions and the government. Its primary role is to:

- Prescribe accounting standards in Singapore in consultation with the Institute of Certified Public Accountants of Singapore.
- Strengthen the framework of disclosure practices and reporting standards, taking into account trends in corporate regulatory issues and international best practices.
- Review and enhance the framework on corporate governance and promote good corporate governance in Singapore, taking into account international best practice.

One of the Council's recommendations was quarterly reporting, which is now required of listed companies with market capitalisation of S$75.0 million or more. Smaller companies have been exempted until 2005 when a review will be conducted.

The International Accounting Standards were reviewed to make sure they were applicable in Singapore. Most were adopted as the Financial Reporting Standards (Singapore), and Singapore-incorporated companies had to comply with these starting 1 January 2003.

The Code of Corporate Governance took effect on 1 January 2003. The Singapore Exchange (SGX) Listing Manual requires all listed companies to disclose in their annual reports, their corporate governance practices with reference to the Code.

The provisions of the Code are not mandatory. Deviations from the Code have to be disclosed by companies. The emphasis is on compliance with the spirit rather than the form of the Code.

The Company Legislation and Regulatory Framework Committee issued its final report in October 2002 with these key recommendations:

- Allow the formation of Limited Partnership and Limited Liability Partnership businesses.
- Exempt dormant companies and private companies with annual turnover below S$5.0 million from statutory audit.
- Update laws on corporate fund-raising and capital maintenance, for example, abolish par value for shares, and allow repurchased shares to be held in treasury.
- Codify in law the general principles of directors' duties.

The Government has accepted all the Committee's recommendations, and MAS is implementing those recommendations relevant to the Securities and Futures Act (SFA).

Additional Requirements

In February 2003, MAS issued a consultation paper on corporate governance guidelines for Singapore-incorporated banks and direct insurers. The guidelines set out the role that should be played by boards of directors and chief executive officers (CEO), and their duties towards shareholders, depositors and policyholders. They were also aimed at strengthening the independence of boards, as well as the independence of nominating, audit and compensation committees. At the same time, specific corporate governance regulations were issued for public consultation. The regulations included rules that require banks to separate their management from those of the affiliates of their substantial shareholders, and for the separation of the Chairman and CEO roles within a bank or an insurance company.

BUILDING CONFIDENCE WITH SOUND MARKET AND BUSINESS CONDUCT

MAS created the Market and Business Conduct Department in September 2002. Its role is to formulate and implement sound and progressive market and business conduct policies across financial sectors in the interests of consumers, investors and policyholders. The aim is to promote innovation and confidence in financial markets, and high standards of market conduct by financial market players.

An important step last year was the full implementation of the SFA and Financial Advisers Act (FAA) in October 2002. These Acts provide the framework for a disclosure-based regime which maintains fair and efficient capital markets and sets high standards of professional conduct so as to help investors make well-informed decisions.

Since the implementation of the FAA, local and foreign companies have expressed interest in setting up operations in Singapore. New business models have also taken shape. Some financial advisers are moving towards fee-based services, though most still rely on commissions to generate income.

Box 2

SETTING A COMMON STANDARD

A new examination system was introduced in December 2002 for representatives of licensed intermediaries and exempt financial institutions under the SFA and FAA.

The Capital Markets and Financial Advisory Services (CMFAS) Examination comprises nine modules that match the activities regulated by the two Acts. Applicants for representatives' licenses must pass the module or modules relevant to the activity they intend to conduct.

The examination requirements apply equally to the representatives of banks, merchant banks and other financial institutions whose activities are covered by the SFA and FAA. This will ensure a common standard and enhance the competency level of all market participants. Applicants with relevant qualifications and market experience, or who deal only with certain sophisticated market segments, can be exempted from the examination requirements.

Upholding Professional and Ethical Standards

With the licensing of financial advisers underway, MAS will focus on ensuring that financial advisers and insurance brokers conduct their business in a fair, professional and ethical manner. Policies will be refined in consultation with industry. Company visits and inspections will be made to determine licensees' compliance with business conduct rules and enforcement action will be taken against those who break these rules.

The guidelines on Standards of Conduct for Financial Advisers and Insurance Brokers issued last year set out the general standards expected of financial advisers, insurance brokers and their representatives in conducting financial advisory and insurance broking activities.

Direct general insurance brokers have adopted the General Insurance Code of Practice and the Guidelines on Training and Competency Requirement and Continuous Professional Development, which were jointly developed by the General Insurance Association of Singapore (GIA) and the Singapore Insurance Brokers Association, with effect from 1 January 2003.

The Code of Practice sets out the minimum standards regulating the sale, advisory and service standards of the general insurers, intermediaries (including agents and brokers) and anyone acting for general insurers. The Training & Competency Requirements lay

Box 3

FASTER WAYS TO SOLVE CONSUMER DISPUTES

Consumers now have fast and cost-effective ways to settle disputes with their banks and insurers.

In January 2003, the Association of Banks in Singapore (ABS) set up the Consumer Mediation Unit. Bank customers with claims of less than S$50,000 can take their cases to the Panel of Mediators – comprising a banker, a solicitor and a non-bank professional. This panel will mediate using all relevant laws, regulations and codified best practice standards, including the ABS' Code of Consumer Banking Practice.

The Unit has two full-time staff who attend to consumer complaints free of charge. It is funded through a combination of a levy on member banks and recovery on a user-pays basis.

The insurance industry, meanwhile, set up the Insurance Disputes Resolution Organisation (IDRO) in February 2003 to resolve insurance claim disputes of up to S$100,000 and third-party claims of up to S$50,000. Insurance companies are bound by IDRO findings, whereas consumers are free to pursue other resolution options.

Established by the Life Insurance Association of Singapore (LIA) and GIA, IDRO replaces the Insurance Ombudsman Bureau and the Tribunal for Motor Third Party Property Damage Claims. It also handles complaints about market conduct.

down the minimum insurance qualifications and continuous professional development training requirements for general insurance company staff and intermediaries.

Meanwhile, in February 2003 GIA and LIA set up IDRO to provide a one-stop service centre for insurance-related enquiries and complaints.

LAYING A STRONG FOUNDATION FOR FINANCIAL INNOVATION

Technological developments have propelled major innovations in financial systems globally. Many online financial systems have become increasingly dependent on networked computer technologies. Some of these new technologies have security flaws and vulnerabilities that have become an issue and need to be addressed.

The value and volume of financial transactions taking place on the internet have grown rapidly, and technology risks have become an issue that must be addressed. Financial institutions should establish and maintain robust technology risk management policies, processes and practices, including strong security measures to protect their information assets and systems.

Going forward, the cost of implementing security could be regarded as a prudent cost of doing online business.

Managing Technology Risks

MAS has developed guidelines to help financial institutions recognise and understand the risks of online systems and internet banking applications, including related security threats and vulnerability exposures.

Box 4

CATALYST FOR CHANGE IN INVESTOR EDUCATION

The liberalisation of the financial markets and the shift towards a disclosure-based regime mean consumers are faced with a growing array of financial products and services.

They need to understand the implications of investing in different financial products and services in order to choose wisely and make effective long-term financial plans.

MAS will act as a catalyst to increase investor education efforts in Singapore. It will work closely with industry associations, consumer groups and other public sector organisations to:

- identify the main areas of focus for investor education efforts.
- ensure consistent messages to consumers.
- encourage more collaboration between the public and private sectors.

Box 5

BEING READY FOR ALL EMERGENCIES

The rise in global terrorism and the sudden outbreak of diseases such as SARS have reinforced that Business Continuity Management (BCM) is vital to the survivability of the organisation. These events have also provided the financial sector with additional opportunities to test their state of readiness against operational disruptions, thereby improving their resilience.

The traditional model of BCM concentrated on developing procedures to recover from data centre or single-building outage. The new challenge for BCM is therefore to develop procedures to deal with larger scale disasters with wide-area impact, widespread telecommunication disruptions and the unavailability of critical staff.

In January 2003, MAS released a consultation paper on Business Continuity Planning (BCP) for the financial sector. The proposed guidelines in the paper were aimed at improving the overall resilience of the financial sector against isolated and widespread disruptions by sharing sound BCM practices. They were generally welcomed, and the final guidelines will be issued by the third quarter of 2003.

At the heart of the guidelines are seven principles which aim to cultivate a risk-based BCM framework in financial institutions. The first stated that the board of directors and senior management should be responsible for their institution's BCM, while the other six stated that institutions should:

- Embed BCM into their business-as-usual operations, incorporating sound practices.
- Test their BCPs regularly, completely, and meaningfully.
- Develop recovery strategies and set recovery time objectives for critical business functions.
- Understand and appropriately mitigate interdependency risk of critical business functions.
- Plan for wide-area disruptions.
- Practice a separation policy to mitigate concentration risk of critical business functions.

The guidelines are:

- Security Guidelines for Mobile Banking and Payments (consultation paper issued in February 2002).
- Internet Banking Technology Risk Management Guidelines (updated in September 2002).
- Technology Risk Management Guidelines for Financial Institutions (consultation paper issued in November 2002).

Improved Securities Trading and Clearing Systems

In the securities sector, SGX last year strived to keep pace with demands for innovation by enhancing its trading and clearing infrastructure.

Among the initiatives taken were the extension of the borrowing period for its securities lending facility, and making full order book information on the SGX securities market available to investors on a subscription basis in July 2002.

SGX completed the business and technical architecture design phase of its straight-through-processing initiative in September 2002, and has embarked on the development and implementation phase.

SGX also put in place several other measures:

- The listing requirements for structured warrants were revised on 1 January 2003 and a market making system was introduced for these products.
- SGX and the Australian Stock Exchange doubled the number of stocks available for co-trading, with effect from 31 March 2003, to 100 Singapore stocks and 100 Australian stocks.
- SGX introduced in April 2003 a Unit Share Market that allows trading of odd lots with a minimum size of one share.

Several new initiatives being undertaken by the SGX in 2003 include reviewing changes to the rules and bye-laws of its securities trading arm to bring them in line with current market practices and the SFA.

Box 6

DEVELOPING THE SECURITIES MARKET

The move to a disclosure-based regime for offers of securities continued last year.

Capital-raising provisions were migrated from the Companies Act to the new SFA, with MAS taking over from the Registry of Companies and Businesses as the authority for registering prospectuses and authorising collective investment schemes (CIS).

Between 1 July 2002 and 12 June 2003, MAS registered 29 prospectuses for initial public offers of shares by companies listing on the SGX, and authorised 79 CIS. Prospectuses are now available for viewing on the MAS website.

A new SGX Listing Manual came into effect in July 2002. Key changes included a new chapter on structured warrants as well as revised shareholding spreads and distribution guidelines for initial public offerings.

Other major developments included:

- Specialised Fund Guidelines
  Hedge Funds – In December 2002, the minimum subscription level for hedge fund-of-funds was lowered to S$20,000 (from S$100,000) and that of capital protected or guaranteed funds was removed. This recognises that features such as diversification and capital preservation can reduce the risk of investing in a hedge fund. Disclosure standards in prospectuses and marketing materials for hedge funds were enhanced.
  Futures and Options Funds – New guidelines were issued in December 2002 for schemes whose main objective is to invest in financial or commodity derivative contracts.
  Property Funds – Under revised guidelines issued in March 2003, property funds are now allowed to borrow up to 35.0% (25.0% previously) of the fund's value. Borrowings above 35.0% are allowed if the property fund or its debt issues obtain a minimum credit rating of "A". Risk disclosures in the prospectus were also enhanced.
- Foreign Funds
  Foreign funds are now allowed to be offered directly in Singapore. 14 funds have been recognised to date.
- Debenture Issuance Programmes
  The SFA provides for debenture issuance programmes where multiple offers of bonds can be made using a single base prospectus and updated pricing statements. This reduces costs and allows funds to be raised more quickly, and will encourage bond issuance in Singapore.

Continued from Box 6

MAS will also be fine-tuning the disclosure-based regulatory regime to further promote an innovative securities market, this includes studying how best to regulate the offers and governance of trading trusts.

Safer Settlement System for Foreign Exchange

As one of the largest foreign exchange (FX) trading centres in the world, Singapore has been striving to develop a safer FX settlement environment. In July 2001, MAS published a report based on a survey of the Singapore banking industry that highlighted significant exposures in current FX settlement practices. This report also underscored market participants' demand for FX settlement risk reduction measures, in particular, Continuous Linked Settlement (CLS).

CLS is a real-time global settlement system that aims to eliminate FX settlement risk that can occur when each leg of an FX transaction is settled separately due to time-zone differences. This service allows both legs of a FX trade submitted by members to be settled simultaneously across the books of CLS.

CLS went live in September 2002 with the participation of over 60 international banks and seven major currencies – the US Dollar, Euro, Yen, Pound Sterling, Swiss Franc, Canadian Dollar and Australian Dollar. Its daily transaction volume has reached an average of 60,000 payment instructions and a gross value of some US$600.0 billion as of February 2003.

In December 2002, Singapore enacted the Payment and Settlement Systems (Finality and Netting) Act to provide for the protection of payment and settlement systems from disruptions that may lead to risks to the financial system. This Act, coupled with the designation of CLS as a system protected under the Act, paves the way for the Singapore Dollar to be included as a CLS settlement currency later in 2003.

The three Singapore banks – Development Bank of Singapore Ltd (DBS Bank), Oversea-Chinese Banking Corporation Ltd (OCBC Bank), and United Overseas Bank (UOB), which have been CLS shareholders since October 2001 – started participating as CLS settlement members in December 2002. For efficiency, the three banks have established a common utility – Clearing & Payment Services Pte Ltd – to aggregate and share the processing of their CLS transactions.

Box 7

CONSUMERS' CREDIT PROFILE

Singapore's financial institutions now have access to a more accurate picture of a customer's credit behaviour and history.

The Credit Bureau (Singapore) Pte Ltd, set up in September 2002, provides pooled factual credit information to its members, which comprise the majority of retail banks and credit card companies in Singapore.

A joint venture between ABS and a private consortium, the Bureau releases data related to the credit-worthiness of individuals only to its members. Its responsibilities and obligations, including those related to the handling of customer data, are spelt out in a Code of Conduct. For more information on the Code, visit http://www.creditbureau.com.sg/CodeofConduct.htm.

With a clearer picture of a customer's credit profile, financial institutions can grant credit facilities more judiciously and improve their internal credit risk management systems. This will allow them to customise credit policies for customers of different credit standings, and promote the creation of a wider range of credit products with more competitive pricing, benefiting the consumer ultimately.

By participating in CLS and helping to develop a safer FX settlement environment, Singapore reinforces its position as a leading FX trading centre and as a key node in the global financial system.

Payment Systems

In the retail arena, transfers via electronic means increased while funds transfers by cheques declined. The value of Singapore-Dollar cheque transactions last year fell by 9.0% to S$380.3 billion.

The value of payments by interbank GIRO rose 13.7% to S$91.8 billion. Payments by EFTPOS (Electronic Funds Transfer at Point of Sale) rose 12.7% to S$6.2 billion, and payments by CashCard rose 12.7% to S$239.0 million.

A third major ATM (Automated Teller Machine) network, shared by The HongKong and Shanghai Banking Corporation Limited (HSBC), Maybank and Standard Chartered Bank, started operating in March 2002. The other two are the DBS and the UOB-

OCBC networks. The total number of ATMs however declined last year by 13.9% to 1,547 machines.

The volume of MAS Electronic Payment System (MEPS) transactions fell 1.3% last year to 2.0 million, with the total value of these transactions falling by 13.1% to S$10.0 trillion.

THE FINANCIAL SECTOR -
PERFORMANCE AND GROWTH

A MORE RESILIENT FINANCIAL SECTOR

Singapore's financial sector proved resilient last year in the face of growing geopolitical uncertainties, weak global financial markets, and slowing global economic activity. This resilience was seen in indicators such as liquidity positions, capital adequacy ratios and profitability of the financial institutions, and was underpinned by the general strength of household and corporate balance sheets.

The progressive liberalisation of the financial industry since 1997 has changed its composition. While the full benefits of this liberalisation have not been realised because of the succession of exogenous shocks that hit the economy, the financial services sector's increasing diversity has been a cushion against the effects of a downturn.

This was especially so in 2002 when the financial sector contracted by 4.8% in value-added terms. While activities such as bank lending, insurance and stockbroking were affected, growth in asset management, bond market and derivatives trading activities have helped to dampen volatility in overall financial sector growth.

Structure of the Financial Sector

The liberalisation measures as well as market forces have led to some consolidation of the sector. The number of banks declined to 117 in March 2003 from 152 in March 1997. The number of merchant banks also saw a decline from 80 to 53 over the same period. A similar trend was also observed in insurance and finance companies. (See Statistical Annex B1.)

However, total assets of financial institutions[1] rose to S$1.34 trillion at end 2002 from S$1.31 trillion at end 1997. This was due to an increase in insurance companies' and capital markets intermediaries' assets and, to a smaller extent, domestic banking assets. These increases were partially offset by a decline in the assets of the Asian Dollar Market (ADM) and finance companies.

Charts 1 and 2 show the distribution of assets. The share of total ADM assets has shrunk 7.7 percentage points since the Asian financial crisis. (See Box 8.) In contrast, the share of insurance companies' assets increased by 2.7 percentage points, due to the liberalisation of the Central Provident Fund (CPF) Investment Scheme in January 2001, while that of capital markets intermediaries rose marginally.

1. These include banks, merchant banks, insurance companies, finance companies and capital markets intermediaries.

CHART 1

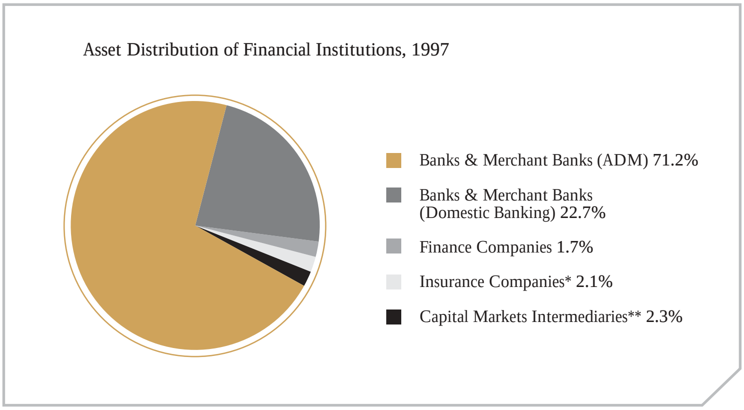
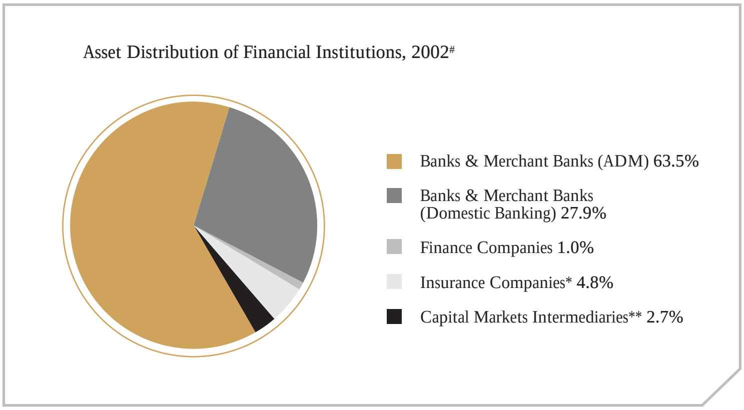


CHART 2



* Insurance Companies include Insurance Brokers.
** These are Capital Markets Intermediaries as well as Financial Advisors (FA).
Note: 2002 Fig refers to Capital Markets Services licensees, FA licensees are not included.
\# Figures do not add up to 100% due to rounding.

Financial Market Activity

Lending in the Domestic Market

Domestic lending activity was weak, both in the interbank and non-bank segments. Interbank lending fell by 9.6% in 2002, with the bulk of the decline coming from a contraction in lending among resident banks. This reflected the consolidation in the banking industry and ample market liquidity, which reduced the need for banks to borrow to maintain their liquidity positions.

The weak economy also took its toll on non-bank lending which fell by 1.6% in 2002.

Non-bank lending fell across most sectors, except for mortgage loans which grew 10.6%. This was due to mortgage rates being driven lower because of strong competition amongst banks and a change in CPF rulings, that now allows CPF money to be used as part of the down-payment for private property purchases.

Lending in the Asian Dollar Market

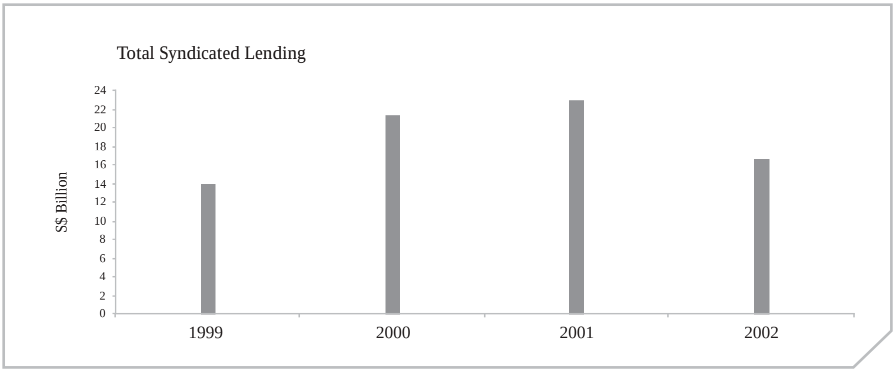
Interbank lending, especially to Europe, supported activity in the ADM. Non-bank lending, however, continued to decline, albeit at a slower pace than during the Asian crisis. There was a shift from cross-border lending to lending by foreign bank affiliates within the countries. There was also a notable shift from bank financing to capital market financing.

Non-bank lending is likely to remain weak in 2003, with interbank lending remaining the main source of market activity. Bank earnings are likely to shift towards non-interest income sources. From a flow of funds perspective, the ADM has remained an important centre for mobilising interbank funds globally. (See Box 8.)

Syndicated Lending

In 2002, syndicated lending fell by 27.3% as firms cut back capital expenditure on expectations of a further delay in the global economic recovery. (See Chart 3.) As in previous years, borrowers from North Asia (excluding Japan) accounted for the largest number of total cross-border syndicated loans.[2] Cross-border lending, which accounted for 47.2% of total syndicated lending, declined by 38.6% in 2002. This decline is consistent with the shift from cross-border lending in the ADM to lending by foreign bank affiliates within the countries.

CHART 3



2. Excluding Singapore borrowers and including loans issued by foreign institutions.

MIXED PERFORMANCE OF ASIAN DOLLAR MARKET

Since the Asian Crisis, the ADM has declined both in balance sheet size and the number of players. Total assets were US$491.6 billion at end 2002, down from a high of US$557.2 billion at end 1997. (See Chart A.) The total number of Asian Currency Units, meanwhile, fell from 227 to 164 because of the pullout of some players and consolidation in the financial industry.[1] The decline in total assets was due largely to the non-bank loans segment, which has more than halved in size since end 1997. (See Chart B.)

CHART A

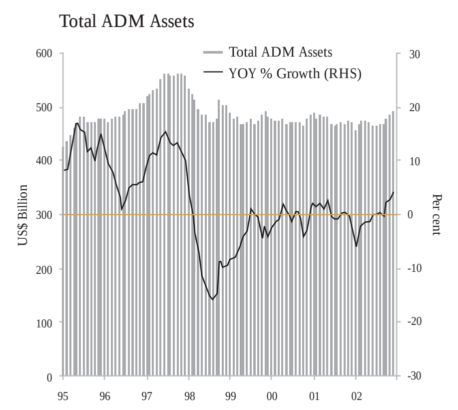
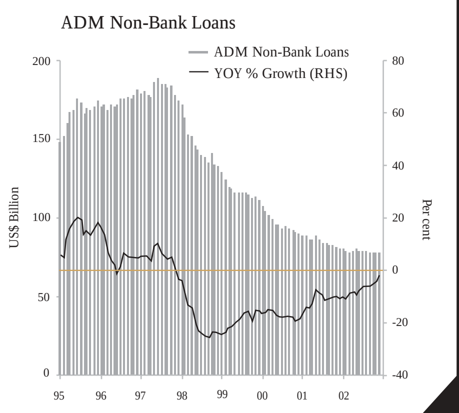


CHART B



However, interbank lending has been sustained and this has helped to support the ADM and offset the fall in non-bank loans. (See Chart C.) In recent years, most of these interbank loans were directed to Europe to fund merger and acquisition activities and telecommunications expansion. (See Chart D.) Europe now holds the largest share of interbank loans by destination.

CHART C

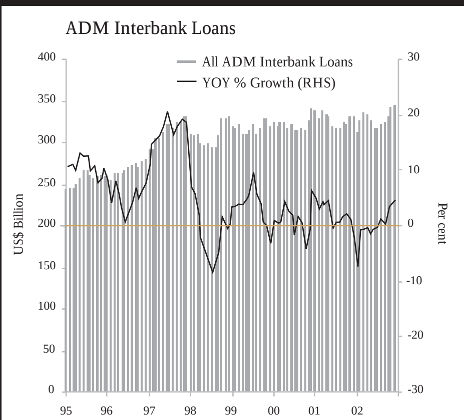
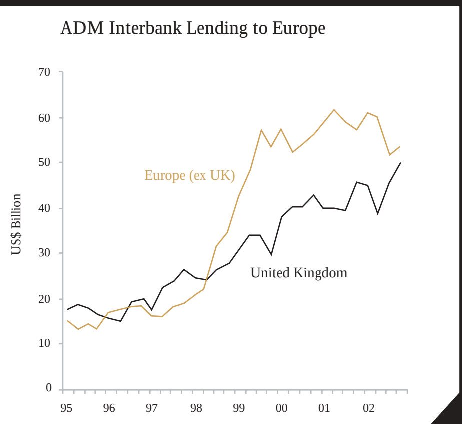


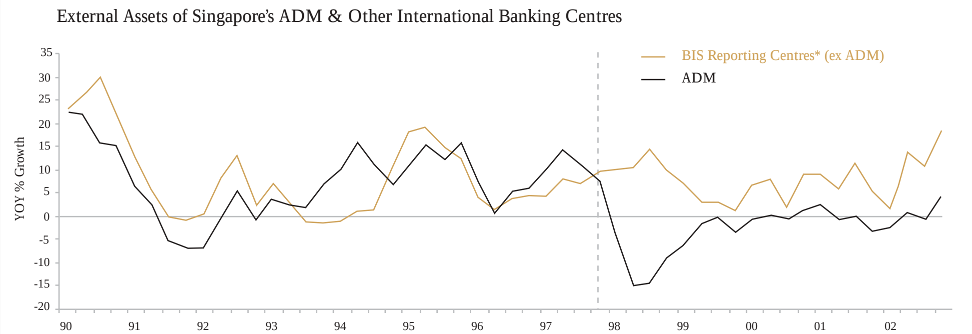
CHART D



1. Figures as at end 1997 and end 2002 respectively.

Compared with other international banking centres, growth in external assets of the ADM has been lacklustre since 1997 because of the weak regional environment, scaling down of Japanese banks' foreign operations and, more recently, the global economic slowdown. (See Chart E.)

CHART E



Source: International Banking Statistics, Bank for International Settlements (BIS)
*BIS Reporting Centres (ex ADM) only include centres that have been reporting data on their external assets since 1990.

The decline in ADM assets is due to several factors:

- A fall in regional demand for loans.
- Restrictions on or barriers to foreign currency borrowing in regional countries.
- General caution amongst banks in extending their balance sheets.
- Bank consolidation.
- Withdrawal of funds by the Japanese banks.

Loans to East Asia (ex Japan) have halved since 1997, while non-bank loans to Japan, which were largely intermediated by Japanese banks, have been shrinking since 1995. (See Charts F and G.)

CHART F

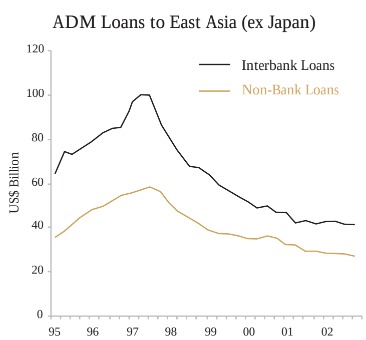
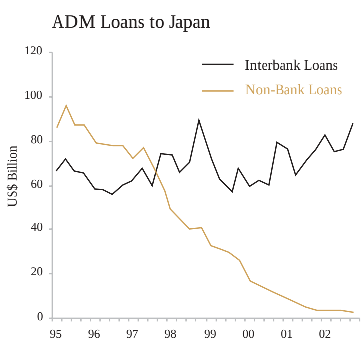


CHART G



Japanese banks are no longer active players as before, while the presence of European banks (excluding UK) has grown in the ADM. From the flow of funds perspective, non-bank lending to Japan fell sharply, from 35.8% to 3.5% of the total. (See Charts H and I.) By destination, Europe now holds the largest share of the interbank loans segment. (See Charts J and K.)

CHART H

CHART I

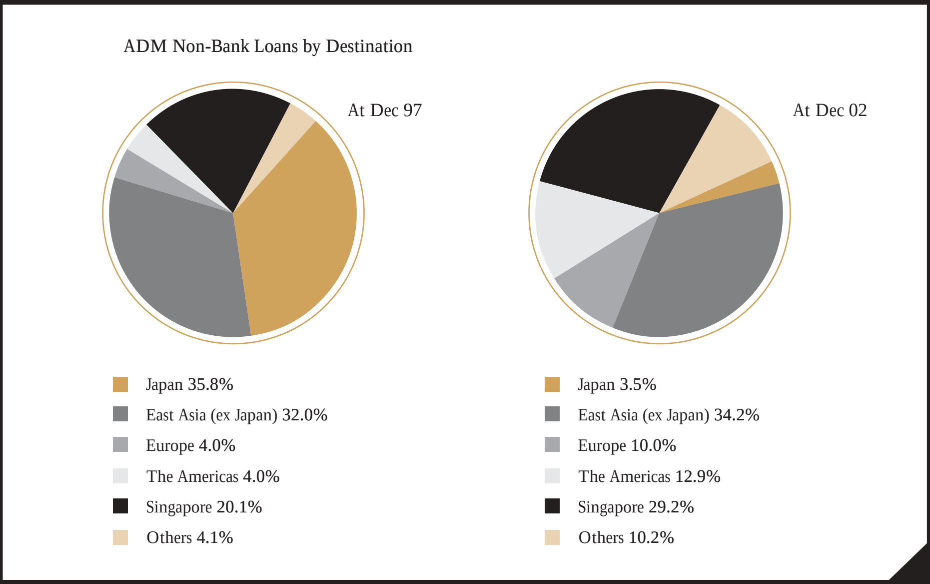
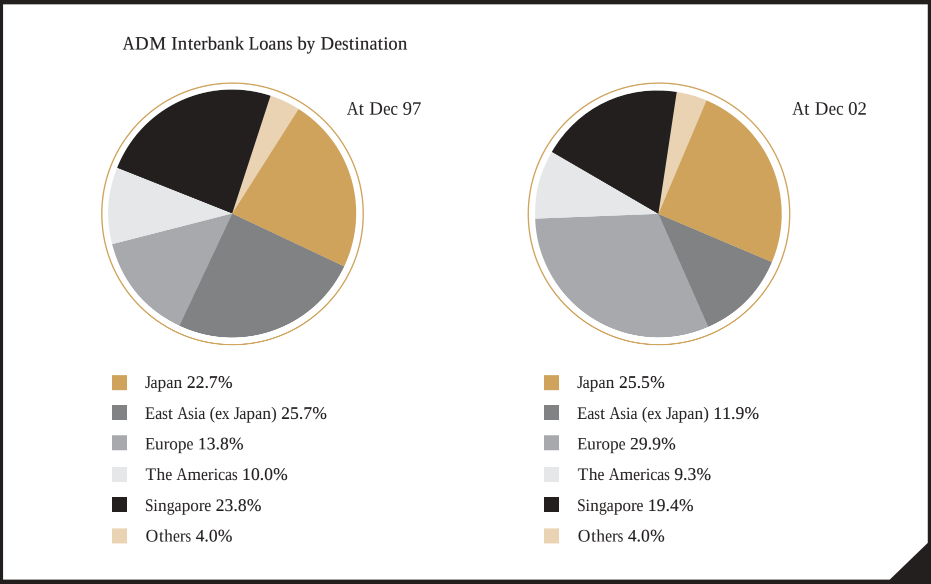


CHART J

CHART K



Reflecting the decline in lending activities, holdings of securities and investments in banks' balance sheets rose significantly although this remained relatively small as a share of total assets. Banks are also gradually growing their off-balance sheet activities such as derivatives trading and fee-based business. On the liabilities side, total non-bank deposits grew 11.0% from US$113.7 billion at end 1997 to US$126.2 billion at end 2002.

With the weak global economic environment and the SARS outbreak, non-bank lending is likely to remain weak in 2003 and interbank lending will be the main source of market activity. In view of this loan environment, banks' earnings are likely to continue to shift towards non-interest income sources.

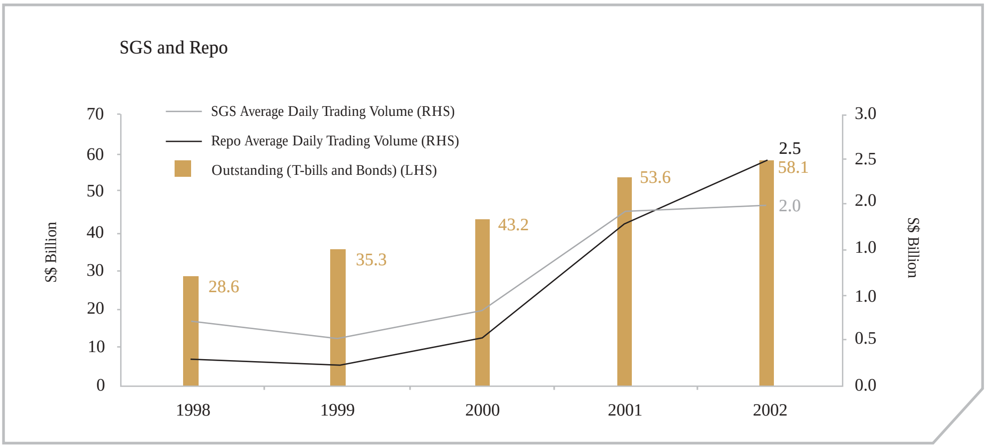
Debt Market

The steps taken by MAS over the past few years to develop the debt market has increased its breadth and depth. The average daily turnover of Singapore Government Securities (SGS) has grown by more than two and a half times in the past five years. In the corporate bond market, 2002 was a record year in terms of the total outstanding volume of corporate debt and the number of issues by foreign entities, despite a slowdown in new issuance.

Singapore Government Securities Market

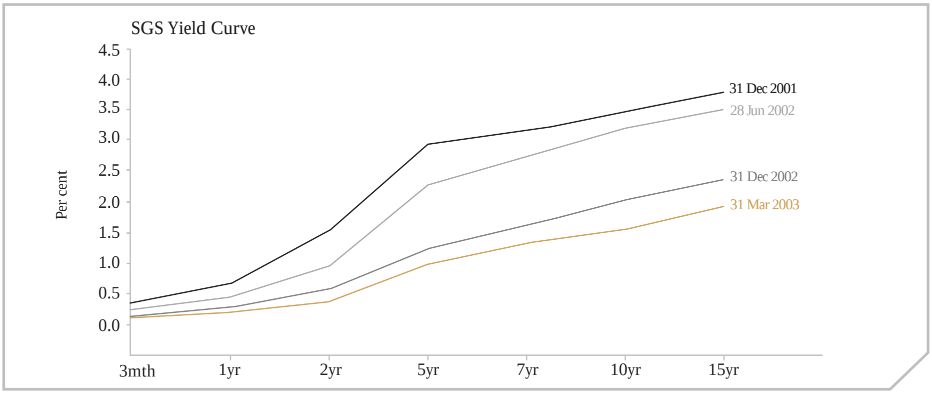
The SGS market continued to grow, with total outstanding SGS increasing by S$4.4 billion to reach S$58.1 billion at end 2002 and average daily trading volume rising to S$2.0 billion. The SGS repo market also grew in tandem, with average daily trading volume rising by 39.4% to S$2.5 billion in 2002. (See Chart 4.)

CHART 4



During the period, the SGS yield curve continued to shift lower in tandem with falling global interest rates amid slowing global economic growth. (See Chart 5.) The flatter yield curve also reflects expectations of a continued low interest rate environment and easier domestic and global monetary conditions.

CHART 5



Corporate Debt Market

The corporate debt market has also continued to grow, with total outstanding volume rising by 10.4% in 2002 to S$89.2 billion at year-end, as both international and local issuers tapped the market across all maturities for funds. However, the volume of new corporate debt issuance declined by 48.1% to S$37.4 billion at end 2002 after a record year in 2001, reflecting the global economic slowdown and lower funding requirements. (See Chart 6.)

CHART 6

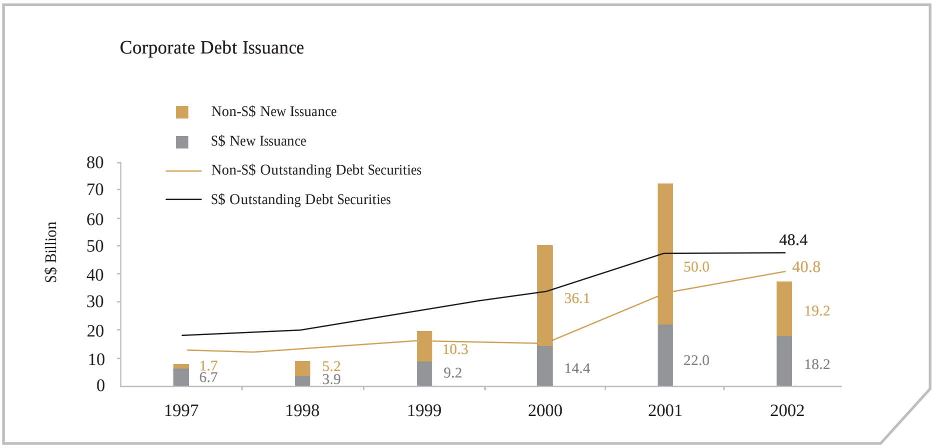
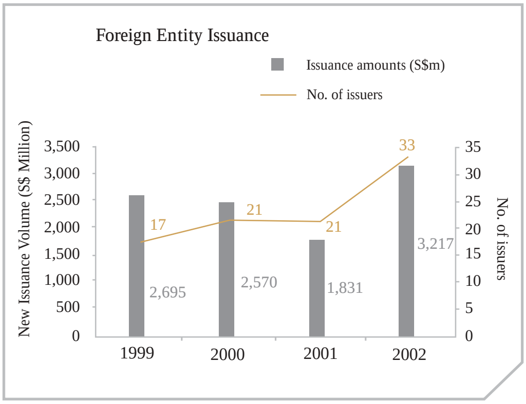


CHART 7



Despite the slowdown in issuance, the bond market continued to gain in breadth and depth, as indicated by wider product variety as well as issuer and investor base. In the Singapore Dollar market, structured debt continued to grow and accounted for 56.0% of market volume in 2002 compared with 47.0% in 2001. Also, 2002 was a record year in the volume of issuance and number of issuers from foreign entities. The volume issued saw a strong 75.7% growth to S$3.2 billion and accounted for 17.7% of the total Singapore Dollar issuance. (See Chart 7.)

Equities and Futures Market

In line with the global equity market downturn, Singapore's equity market continued to be weighed down by bearish market sentiments. The joint market capitalisation of Singapore Exchange's (SGX) Mainboard and SESDAQ fell 13.0% to S$291.3 billion at end 2002. Total turnover fell 9.9% in value terms in 2002, but rose 20.2% in volume terms.

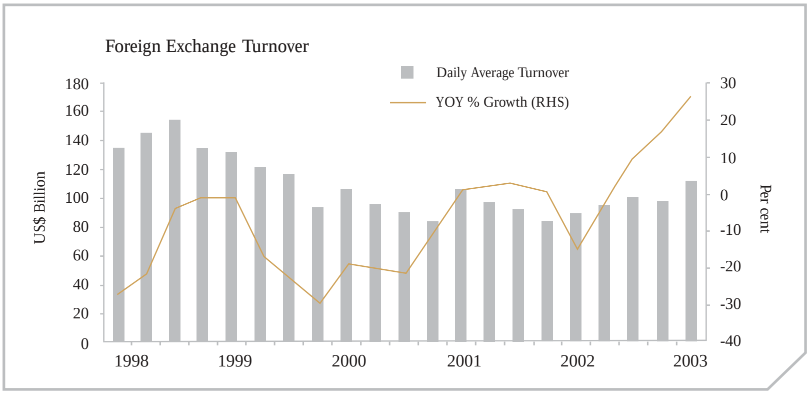
Reflecting the volatility in global markets, trading activity in the derivatives market was robust, with average daily turnover in SGX's derivatives market growing 5.6% in 2002. Derivatives trading on SGX hit a high of 33 million contracts for 2002 as a whole amidst the heightened uncertainties in the global financial markets. Trading activity was especially strong in the Eurodollar futures, Morgan Stanley Capital International (MSCI) Taiwan Index futures and Nikkei 225 Stock Index futures. Several new products were launched on SGX's derivatives market in 2002: the full-sized Japanese Government Bond futures and options, the MSCI Japan Index futures, six additional Single Stock futures and Middle East Crude Oil futures.

Treasury Market

Singapore maintained its position as a global treasury centre with several global players consolidating their foreign exchange (FX) and derivatives business (in the Asian time-zone) in Singapore. Going forward, such consolidation and cost rationalisation will continue to underpin growth in the FX market.

Daily FX trading volume averaged US$96.0 billion in 2002, virtually unchanged from the previous year. In 2003, however, daily average volumes surged in the first quarter to US$112.9 billion. (See Chart 8.)

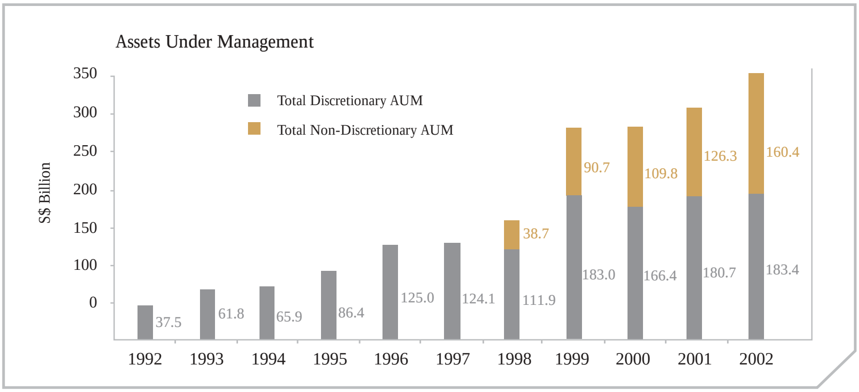
CHART 8



Asset Management

The asset management industry expanded steadily against a backdrop of weak global financial markets. Total assets managed by Singapore-based financial institutions grew 12.0% in 2002, to S$343.8 billion, comprising S$183.4 billion of discretionary assets, and S$160.4 billion of non-discretionary assets. (See Chart 9.)

CHART 9



The increase in Assets Under Management (AUM) can be attributed to various factors: transfers of regional portfolios to Singapore for management and continued expansion of management and advisory activities for the pan-Asian portion of global mandates. Singapore's asset management industry has expanded in depth and breadth. In addition to portfolio management and research, asset managers have further centralised operations such as regional trading and back office functions in Singapore.

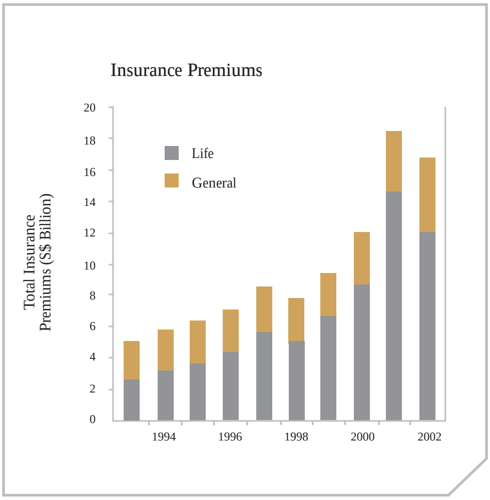
Corporate Finance Activity

Last year proved a difficult one for corporate finance activity. Globally, merger and acquisition activity declined both in deal numbers and value. In Singapore, this decline was reflected in a fall in fee income from merger and acquisition and other financial advisory activities. However, the fall was somewhat cushioned by a rise in fee income from underwriting activity, boosted by an increase in the amount raised through new listings on the SGX's Mainboard and SESDAQ. Three major listings are worth highlighting – MobileOne's S$740.8 million listing, and the launch of two Real Estate Investment Trusts (REITs) products by CapitalMall Trust and Ascendas.

Insurance Activity

In the global insurance industry, falling equity prices, low bond yields and worsening credit losses have compounded the existing problems of underpricing and legacy claims, such as asbestos, which have resulted in large underwriting losses.

CHART 10



In Singapore, insurers also face some of these challenges, albeit to a smaller degree. After three years of rapid growth, the insurance industry experienced a moderate decline in activity, with premiums falling by 9.2% to S$16.7 billion. The life insurance industry reported a significant decline in single premium business as the effects of the liberalisation of the CPF Investment Scheme in January 2001 tapered off. General insurance fared better with premiums collected growing 23.7% to reach S$4.7 billion. (See Chart 10.)

Financial Stability

The Asian financial crisis of the late 1990s came as a surprise to the central banking and regulatory community. Since then, much has been done to better anticipate financial sector problems. These include initiatives such as the Financial Sector Assessment Programme (FSAP) by the International Monetary Fund (IMF) and World Bank, which seeks to assess the potential sources of vulnerability in domestic financial systems, and the formation of the Financial Stability Forum to undertake global financial surveillance. Several central banks have established dedicated teams to monitor financial stability issues. These teams work closely with national financial sector regulators to identify emerging risks and vulnerabilities in their financial systems.

These initiatives stemmed in part from the recognition that a primary cause of financial crises in recent years is weaknesses in a country's financial system. Equally important is the recognition that financial systems and economies are now closely intertwined, and shocks are transmitted rapidly across countries. Promoting financial stability to meet these challenges has become a priority amongst regulators and central banks, including the MAS.

In 2002, Singapore's financial sector faced the challenges of increased geopolitical uncertainties, volatile financial markets, and weak economic activity both globally and domestically. In turn, the banking industry was badly affected by weak loan demand while the insurance industry has suffered both globally and in Singapore, with weak financial market prices eroding solvency margins and returns to policyholders. Securities firms have similarly suffered from falling equity market volumes and subdued investor confidence.

Despite these challenges, Singapore's financial sector has remained resilient. This resilience stems from three key factors. One, the strong capital position of the financial institutions has cushioned falling profits. Two, the incidence of credit defaults has not increased drastically because the balance sheets of the end-customers, especially those of the households, have remained robust. Three, the increased diversification of activities in the financial sector has also provided a stabilising influence.

In particular, the resilience of the banking sector is underpinned by the strong capital and liquidity position of banks which has helped to absorb any increases in non-performing loans and pressures on profits. In addition, the adverse impact of the weak environment on non-performing loans and profits was also limited.

Despite falling overall loan volume and interest rates, banks have generally managed to maintain their net interest margins in 2002 through lower deposit rates. The sustained demand for loans from households has also helped partially offset the decline in corporate loan demand. Finally, the impact on non-performing loans has been limited because banks have judiciously managed their domestic and overseas exposures, and credit default in the household sector has remained low.

ECONOMIC DEVELOPMENTS AND MONETARY POLICY

The Global Economy: Still Waiting for Recovery

The world economy has in recent years suffered a series of shocks. The collapse of Enron and WorldCom amid accounting scandals last year severely dented investor confidence – corporate credit spreads shot up and equity markets around the world tumbled. Consequently, households' net worth declined and spending eased.

Meanwhile, the uncertain outlook and low utilisation rates led companies to put off hiring and other expansion plans. Unemployment rose. In early 2003, consumer and business sentiment deteriorated further as oil prices shot up and geopolitical tensions escalated. The US economy continued to grow at a sub-par pace of just under 2.0% in the first quarter, while growth stalled in Japan and Euroland.

Monetary and fiscal policies have been kept very accommodative, particularly in the US, to counter the soft demand conditions. This has helped to shore up consumer spending, an important pillar of the US economy. However, the relatively firm household spending in the US, coupled with rising fiscal deficits, has led to a sharp deterioration in the current account deficit. Partly reflecting these concerns, the US Dollar has corrected significantly against the major currencies in the first half of this year. A softer US Dollar is expected to put downward pressure on interest rates elsewhere.

While the Japanese economy remains mired in significant structural difficulties, which has rendered monetary easing less effective, there is considerably more scope for Europe to do so. Indeed, the European Central Bank has cut interest rates by a further 50 basis points in early

Box 9

THE CHINA CONNECTION

While Singapore's exports to its traditional markets in the G3 economies weakened last year with the demand slowdown, the robust China market provided some support for our exporters.

One study MAS did last year looked at the dynamics of the regional production and trade network and the impact of the economic emergence of China, which is an important potential source of support for production activity within the region, including Singapore. China's share of Singapore's total non-oil domestic exports has been growing steadily, more than quadrupling in size over the last decade. Thus in the midst of the cyclical shocks and responses, the Singapore economy continued to undergo important structural changes which over the medium to longer term would broaden its sources of growth and enhance its competitiveness.

June to 2.0%, which would help to shore up growth in Europe and ease the upward pressure on the Euro.

In Asia, as economies grappled with the sluggish global conditions, another blow came from the outbreak of SARS. The extreme "fear" factor associated with SARS has led to a sharp curtailment of activities in the travel, tourism, hotel and food & beverage sectors. The impact of this demand shock is likely to be felt most severely in the second quarter, particularly in Hong Kong, Singapore, Taiwan and parts of China. Though life is returning to normal in most of the affected areas, suggesting a rebound in third quarter growth from the second, concerns remain of a second wave of infections as winter approaches.

On the whole, while significant risks remain, the world economy is expected to do somewhat better in the second half of 2003, on account of an anticipated pickup in the US. Companies are now leaner, following sharp cuts in capital investment and employment since 2001. Inventories are low. Corporate credit spreads have improved substantially since late last year. Oil prices have eased and stockmarkets have rebounded. A gentle upturn in the US economy in the second half of this year will pave the way for somewhat more favourable global economic conditions in 2004.

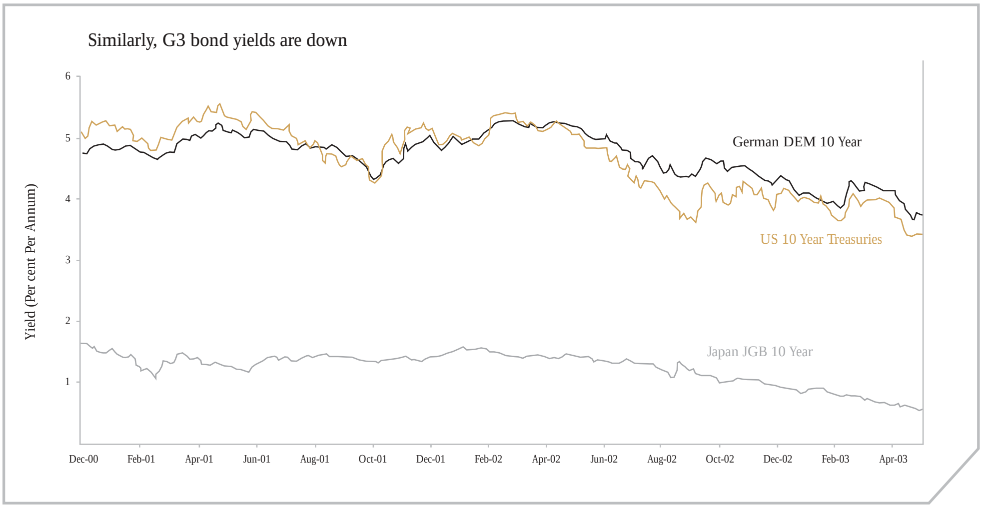
International Financial Markets: Uncertainty Takes its Toll

The optimistic note with which 2002 began all but disappeared by May 2002 when uncertainty took hold and we saw lower and more volatile asset prices across global financial markets. Flight to safety was thus the main theme in portfolio allocation

CHART 11

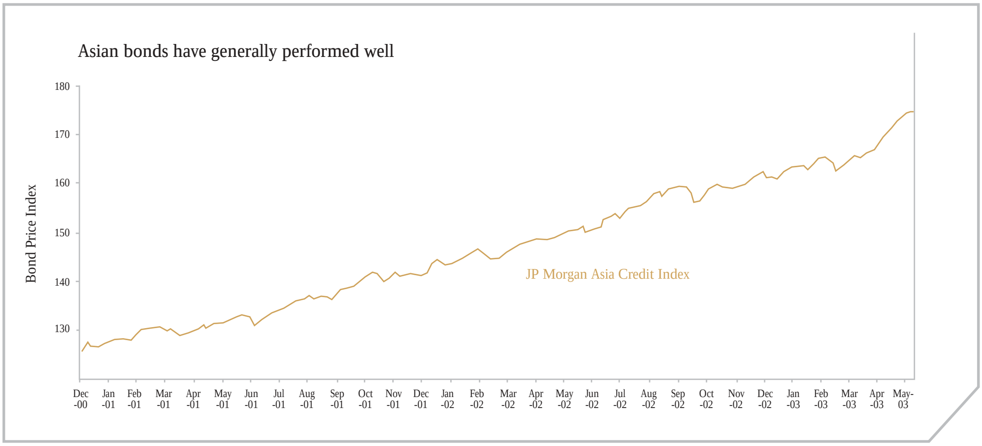
The MSCI World Index has been on a downward slide

CHART 12



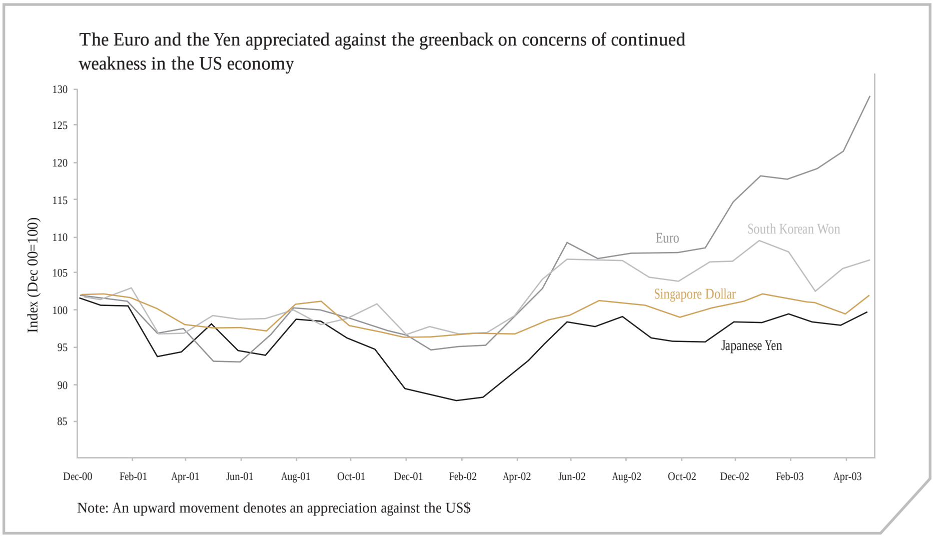
decisions. Global equities continued to come under pressure while major bond markets rallied. (See Charts 11 and 12.) US markets have since rallied on the back of investor optimism in the second quarter of 2003, with Asian markets similarly riding this tide of positive sentiment.

CHART 13



In Asia, South-east Asian equities managed to outperform other regions while Asian bonds also generally performed well. While geopolitical risks and corporate accounting scandals in Korea affected Asian markets in the earlier part of the year, Asian bonds have since rallied. (See Chart 13.)

CHART 14



In the foreign exchange market, persistent uncertainty about the strength of the US recovery and the concerns over the initial progress of the Iraq war led to a volatile and weaker US Dollar against the Euro and the Yen. Following a brief rally on the back of the successful conclusion of the war, the US Dollar has weakened further because of concerns over the US current account deficit and market perception of the US administration's willingness to tolerate a weaker dollar. Asian currencies have generally strengthened against the US Dollar since early 2002. (See Chart 14.)

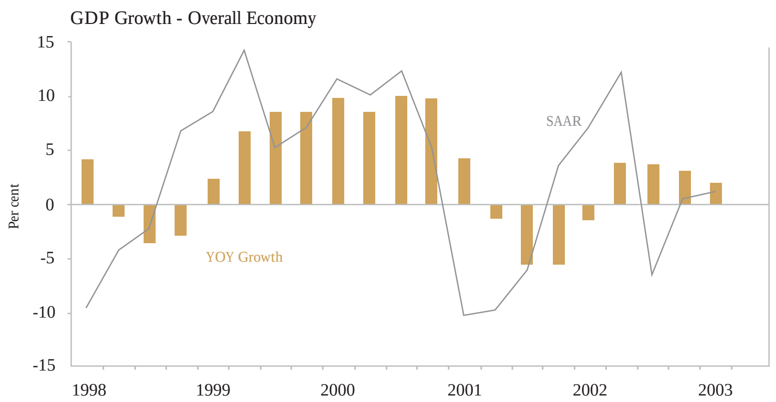
The Singapore Economy: Roller Coaster Ride

Singapore saw volatile growth last year. (See Chart 15.) The economy grew by 2.2% in 2002 following a contraction of 2.4% the year before. Growth in the first half surged, led by manufacturing. Both electronics and non-electronics output expanded strongly as the global IT sector rebuilt inventories and the domestic pharmaceutical industry added new capacity. The initial upsurge reflected higher external demand for our exports, with positive spillover effects for our trade-related services industries.

But after the fairly strong rebound in the first half, the pace of the global recovery faltered. Equity markets and business sentiment tumbled around the world, and the domestic economy slowed considerably. Key sectors retracted in the second half, with a sharp decline in the pharmaceutical sector dulling the manufacturing sector's performance.

The electronics segment also deteriorated as the boost from inventory adjustments

CHART 15



Box 10

BETTER BALANCE FOR THE ECONOMY

How best to monitor the volatile global electronics industry? And what are the sources of final demand for Singapore's electronics exports? These were questions we sought to answer in our study of the dynamics of the IT industry, whose unprecedented contractions in demand have hurt Singapore's electronics manufacturers.

We also looked closely at the biomedical sciences and services industries, the new growth segments for Singapore. Over time, the impact of the shock in the global IT market will be mitigated by Singapore's diversification into these new segments. Our study examined how developments in these new areas have acted as counter-balancing influences to the sharp contraction in the manufacturing sector and reduced the variability of overall Gross Domestic Product (GDP).

moderated and end-demand in the global marketplace remained sluggish. Construction contracted by 10.8% in 2002. Growth in the services sector weakened considerably in the second half, largely on account of the decline in trade-related services. Domestic-oriented and tourism-related services added to the downward drag as rising concerns about the economic recovery and the risk of further terrorist attacks dampened domestic consumer and tourist sentiment.

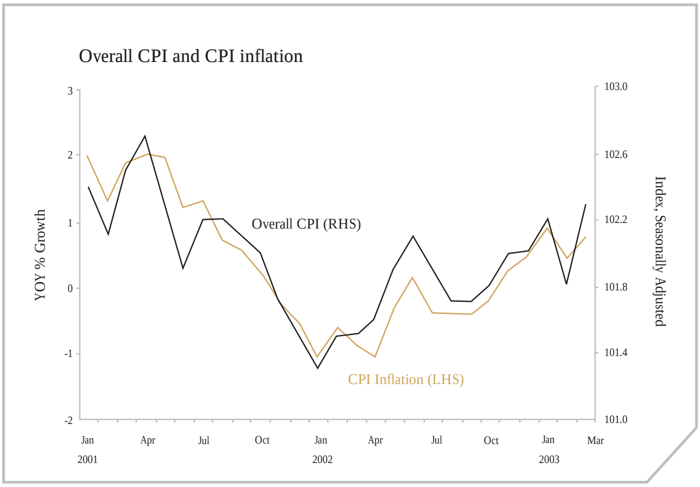
The outlook for the Singapore economy remains clouded by uncertainties in the external environment. During the first quarter of 2003, the Singapore economy expanded by a modest 1.6% on a year-on-year basis, with growth supported by manufacturing and trade-related services sectors. Nevertheless, going forward, the weak outlook for the global electronics industry could have direct knock-on effects on Singapore's exports.

The outbreak of SARS, with its dampening effect on domestic consumption and tourist arrivals, will also weigh heavily on Singapore's performance, particularly in the domestic and tourism-related services industries.

Reflecting these factors, the official Gross Domestic Product (GDP) forecast for 2003 of 2.0% - 5.0% growth has been lowered to 0.5% - 2.5%. Any improvement in Singapore's economic condition is predicated on the return of global business confidence and spending in the second half of the year.

The weak economy meant sluggish labour demand, with significant job cutbacks in the goods-producing industries. The seasonally adjusted unemployment rate rose to 4.5% in March 2003, from 4.2% in December 2002. Though real wages have moderated, we have yet to see new hirings. Real wage growth declined significantly in the last two years, from 7.5% in 2000, to 1.3% in 2001 and 1.1% in 2002.

CHART 16



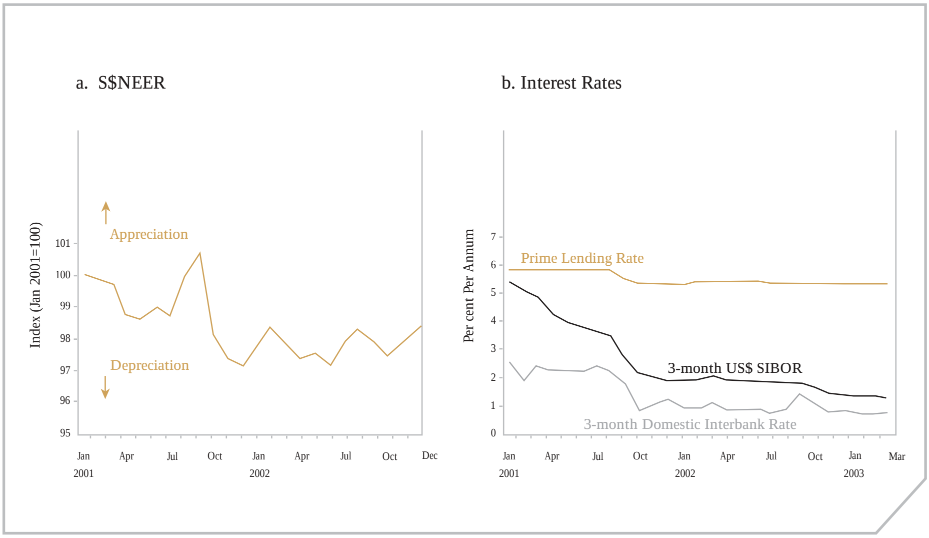
Consumer Price Index (CPI) inflation averaged –0.4% for 2002 as a whole, compared to 1.0% in 2001. (See Chart 16.) The fall was largely due to lower prices of oil-related items in the CPI basket. This was despite the two hikes in electricity tariffs and the three increases in petrol pump prices during the year. The National Trade Union Congress (NTUC) FairPrice supermarket chain's price cuts and the FY2002 Budget package helped to keep a lid on the cost of key consumer items. But the prices of some other consumer items continued to rise, particularly those of services, suggesting some underlying price pressures still remained in the economy.

The sluggish economy in the first half of 2003 implies that labour market conditions are likely to remain soft in the near term. Real wage growth moderated to 1.7% year-on-year in the first quarter of 2003, and is likely to remain subdued, especially in view of the National Wages Council's recommendations for wage cuts in the SARS-affected sectors and wage freezes in many other businesses. Overall consumer prices rose by 0.7% in the first quarter of 2003, largely reflecting the one-off effects of the oil price shock and hikes in several administrative charges, including the 1.0% increase in the Goods and Services Tax (GST) rate and the upward revision in excise duties on alcoholic drinks and tobacco. Inflationary pressures are expected to remain contained this year, given the continued slack in the economy, including in the labour market. For 2003 as a whole, headline CPI inflation is expected to come in between 0.5% and 1.5%.

Neutral Monetary Policy Stance in 2002

Due to subdued inflationary conditions and the uncertain economic outlook, MAS has maintained a neutral policy stance since the beginning of 2002 with a 0% appreciation path for the Singapore Dollar Nominal Effective Exchange Rate (S$NEER). (See Chart 17a.) This was centred on the level of the S$NEER prevailing at the start of the year. This policy stance was maintained after reviews in July 2002 and January 2003. Overall monetary conditions in Singapore remained easy throughout the year, with domestic interest rates trending lower in the second half of 2002, reflecting the soft global interest rate environment and slack liquidity conditions in the money market. (See Chart 17b.)

CHART 17



Increasing the Transparency of the Monetary Policy Framework

More efforts were made to improve the transparency of the monetary policy framework and thus to enhance the effectiveness of Singapore's exchange rate policy. Among the key moves were:

- Release of the Monetary Policy Statement on a semi-annual basis. This document outlines MAS' monetary policy based on our assessment of the economic outlook and the inflationary dynamics.
- Publication of the semi-annual Macroeconomic Review together with the Monetary Policy Statement. The Review contains MAS' analysis and assessment of GDP growth and inflation developments in Singapore, as well as in-depth special studies on various issues facing the economy.
- Closed-door briefings for the media and private sector analysts on the Macroeconomic Review.
- Provision of more information to market players. (See Box 11.)

Box 11

GREATER TRANSPARENCY IN MONEY MARKET OPERATIONS

MAS last year took several steps to make its monetary policy operations more transparent. These included:

- Providing more information to counterparties in money market operations. Beginning in June 2002, the information released included the amount of injections and withdrawals, and the average rates of transactions.
- Publishing "A Guide to Primary Dealer Operations" in September 2002.
- Publishing, in February 2003, a monograph on Monetary Policy Operations. This highlighted key aspects of MAS' foreign exchange and money market operations and the underlying factors and considerations.

These moves were welcomed by market players. The information helped them become more effective in their trading and market-making activities, and this led to a more efficient interbank market.

In-depth Economic Research and Analysis

We intensified our monitoring of global economic developments and conducted in-depth studies of relevant issues in order to better understand the implications of the increasingly uncertain economic environment. One study looked at the two previous recessions, in 1985 and 2001, and identified the similarities and differences between them. We evaluated the policy responses in these two recessions, and the role of the product and factor markets in helping the economy to equilibrate. The insights from this study of the dynamics and nature of the economy's response to previous shocks has helped us anticipate developments in key economic variables and indicators. This, in turn, helps us decide what action is needed to support the current recovery and enhance macroeconomic stability. Further studies were conducted to examine such developments and related policy issues. (See Boxes 9 and 10.)

MAS IN THE INTERNATIONAL ARENA

MAS IN THE INTERNATIONAL ARENA

Sluggish growth in the industrialised economies, heightened security concerns over terrorism and terrorist financing made 2002 a challenging year for the international financial community. In response, MAS participated in international and regional efforts aimed at improving co-operation and fostering growth in the financial sector.

Guarding Against Terrorist Financing

Singapore has stepped up its proactive stance in the fight against money laundering and terrorist financing. MAS has strengthened its regulations to implement the UN's anti-terrorist financing resolutions.

MAS takes part, under the lead of the Ministry of Home Affairs, in the Financial Action Task Force (FATF) on Money Laundering which spearheads the international community's drive to combat money laundering and terrorist financing.

MAS is also an active member of the Asia Pacific Group on Money Laundering (APG), which encourages the adoption of international anti-money laundering standards in the region. MAS also supports the work done in regional fora such as the Anti-Terrorism Financing initiative under Association of South-east Asian Nations (ASEAN) Finance Ministers' process. As part of the 2003 Asia Pacific Economic Co-operation (APEC) Finance Ministers' process, Singapore is chairing with the US an initiative on Alternative Remittance Systems.

Strengthening Global Free Trade

As a free, open and highly trade dependent economy, Singapore is keen to ensure that global trade is based on a rule-based system where goods and services can flow freely.

MAS believes in the benefits that come with Free Trade Agreements (FTA), whether these are at the multilateral, regional or bilateral level. MAS has been actively involved in FTA negotiations relating to the financial services sector. In the past year, Singapore concluded free trade negotiations with major trading partners such as the US and Australia, and continued negotiations with Canada.

Enhancing Regional Co-operation

The riskier economic environment makes regional co-operation all the more important. MAS holds regular dialogue with other central banks and financial regulators to exchange views and share experiences. These exchanges strengthen bilateral co-operation and relations. In 2002, MAS hosted bilateral meetings with the Bank of Thailand and the Hong Kong Monetary Authority.

The pace of globalisation calls for efficient, flexible and competitive financial markets, a fact highlighted during the 1997 Asian economic crisis. Recovery from the 1997 financial crisis notwithstanding, institutional strengthening and capacity building remain high on the agenda. MAS continued to contribute to the region's capacity building for long-term growth. MAS hosted a regional workshop on the "Development of Bond Markets in Asia" in October 2002 at which participating countries identified areas for co-operation in bond market development in the region.

In collaboration with the South-east Asian Central Banks (SEACEN) Centre and the Financial Stability Institute, MAS hosted a workshop on "New Capital Accord" in March 2003. MAS also ran training and attachment programmes to share its experience with regional partners, including People's Bank of China, Bank of Thailand, Bank Indonesia, National Bank of Cambodia and the State Bank of Vietnam.

The IMF-Singapore Regional Training Institute (STI), a partnership between the IMF Institute and the Singapore Government, conducted courses in macroeconomic and financial policies for officials from the Asia Pacific region.

Singapore was chosen last year to host the 2006 IMF/World Bank Annual Meetings. This will be a good opportunity for the international financial community to gather again in Asia and reaffirm their confidence in the region's growth prospects.

ORGANISATIONAL INITIATIVES

ORGANISATIONAL INITIATIVES

STRATEGIC PLANNING OFFICE

A Better Integrated and More Focused Organisation

The Strategic Planning Office (SPO) was created in 2002 to give better focus to MAS' longer term strategic planning capabilities. Shaped out of the former Planning, Policy and Communications Department, the Office takes the lead in setting corporate priorities, strategies and initiatives that best serve MAS' objectives.

Key events organised by SPO which are significant in shaping MAS' priorities and strategies include:

- The MAS International Advisory Panel (IAP) meeting, which sees some of the world's leading financial experts advising MAS on financial sector developments and strategies.
- Corporate planning retreats for management.
- Annual staff seminar where the Chairman and Managing Director communicate the broad corporate priorities for the year ahead.
- External perception survey to measure and track how the industry views MAS' performance and effectiveness as a central bank and regulator.

Apart from serving as the secretariat to the Board and management fora, SPO is committed to building a culture that will make MAS a more cohesive and integrated organisation. To this end, the SPO manages organisational development and innovation initiatives such as:

- Frequent Flying Minds, an enhanced automated system for staff to contribute ideas.
- MAS Jam, a platform for mass generation of ideas within a short space of time.
- i-News, a quarterly innovation newsletter.
- Innovation Speaker Series, where well-known individuals from all walks of life are invited to share their experiences and thinking on creativity, and how they have benefited from being innovative in their work.
- i-Awards, to recognise and celebrate staff members' innovation efforts.

One key development last year was the organisational restructuring to closely align MAS' resources with its objectives. In September 2002, new departments were formed and existing departments reconstituted. The aims were to:

- Integrate and Enhance Supervisory Functions
  The global financial industry continues to consolidate and converge. Institutions are becoming larger and more complex. Traditional divides between banks, insurers and securities firms are blurring. In a 1998 restructuring, MAS' supervisory departments were pulled together under the Financial Supervision Group. Last year's organisation changes took this effort a step further by integrating MAS' prudential and market conduct policy functions across banking, securities, and insurance. This gives us a more comprehensive view of risks posed by complex institutions.

- Sharpen Focus and Better Align Resources
  In pursing macroeconomic stability, a sound financial system, and the development of Singapore as an international financial centre, MAS has to continuously sharpen its focus and better align resources with objectives. The new organisational structure will bring together departments and divisions with synergies, and make responsibilities and accountabilities clearer.

- Build Technical and Managerial Depth
  Shaping and implementing policy will become more challenging given the rapidly changing economic and financial landscape. MAS will need leadership at all levels with the right experience, technical expertise, analytical rigour, and sound judgement. The new organisation structure will allow young and aspiring officers to assume larger and more challenging responsibilities.

Box 12

THE INDUSTRY'S VIEW OF MAS

Most financial institutions and analysts in Singapore are satisfied with the way MAS goes about its job of regulating the industry.

A study in late 2002 of how external stakeholders – that is, local and foreign financial institutions, and analysts – view MAS found that 75.0% had a positive perception. They were satisfied with MAS' overall professionalism, competence, level of consultation, and regulatory aspects.

In seeking even higher professionalism and effectiveness, MAS will aim in future to enhance:

- Timeliness in making decisions and responding to industry requests.
- Understanding amongst our officers of commercial practices and considerations.
- Inter-departmental co-ordination for a more effective and integrated supervisory approach.

In the year ahead, SPO will continue to play a pivotal role in enhancing MAS' corporate systems and structure. This includes enhancing MAS' performance measurement framework. SPO will also conduct MAS' second Organisational Climate Survey to gather staff's views on organisational issues. This feedback will be used in setting next year's organisational priorities.

CURRENCY DEPARTMENT

Looking After the Dollars and Cents

The Currency Department was created on 1 October 2002 following the merger of the Board of Commissioners of Currency, Singapore (BCCS) with MAS. The primary role of the department is to maintain the integrity of the Singapore currency issue. Its main functions are the daily supply of notes and coins to banks, redemption of their excess requirements, and processing of the currency redeemed.

At 31 March 2003, the gross currency in circulation was $13.8 billion, an increase of 3.2% over the year. Notes made up 93.2% of this. During the year, $29.2 billion worth of notes and coins were issued to banks and $28.0 billion returned.

On 1 October 2002, the Currency Act was amended to provide a clearer definition of "legal tender". With the new provision, a person can refuse to accept any or all Singapore currency denominations as payment, as long as he makes this clear in writing. Otherwise, he must accept Singapore notes and coins subject to the limits specified in the Act.

Looking ahead, ways to make Singapore currency notes more durable and secure will be explored, as well as more cost-effective and efficient ways to deliver notes to the banks and the public.

Box 13

NO MORE NEW 1-CENT COINS

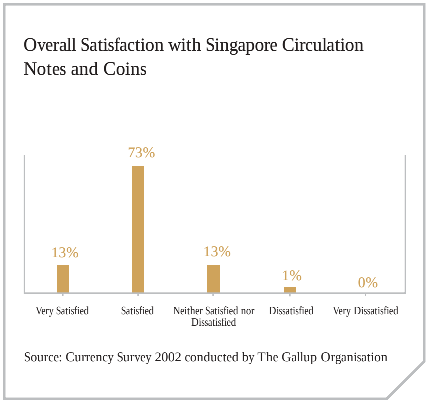
The issuance of 1-cent coins was discontinued on 1 April 2002. This will save businesses time and cost, and consumers the inconvenience of handling the very small currency denomination.

The move had the support of the Singapore Retailers Association and the Consumers Association of Singapore. There was also positive feedback from members of the public.

The 1-cent coins remain legal tender. There are some 700 million pieces still in circulation, enough for transaction needs.

In a public perception survey last year, 86.0% of those surveyed said they were either very satisfied or satisfied with the Singapore currency. They also gave useful feedback on design and security features which will be taken into account when planning future currency series.

CHART 18



Under the Interchangeability Agreement between Singapore and Brunei, a total of $686.6 million Brunei currency was repatriated to the Brunei Currency Board, $32.0 million more than in 2001, for the year in review. The amount of Singapore currency repatriated to Singapore decreased by $1.0 million, from $6.0 million to $5.0 million in 2002.

Key Currency Statistics

CHART 19

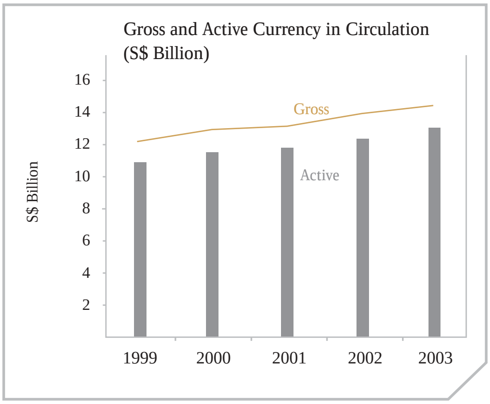


TABLE 1

At 31 Mar 2003	Type	Gross Circulation (S$ Million)	Active Circulation (S$ Million)*
1999	Notes	10,939.64	9,854.05
	Coins	833.14	636.01
	Total	11,772.78	10,490.06
2000	Notes	11,508.10	10,298.42
	Coins	871.36	669.17
	Total	12,379.46	10,967.59
2001	Notes	11,704.16	10,667.73
	Coins	895.12	689.50
	Total	12,599.28	11,357.23
2002	Notes	12,486.27	11,308.89
	Coins	918.97	708.14
	Total	13,405.24	12,017.03
2003	Notes	12,897.53	11,821.32
	Coins	942.62	733.69
	Total	13,840.15	12,555.01

* Figures exclude commemorative and numismatic currency, bullion coins, cash holdings of commercial banks and the Government.

CHART 20

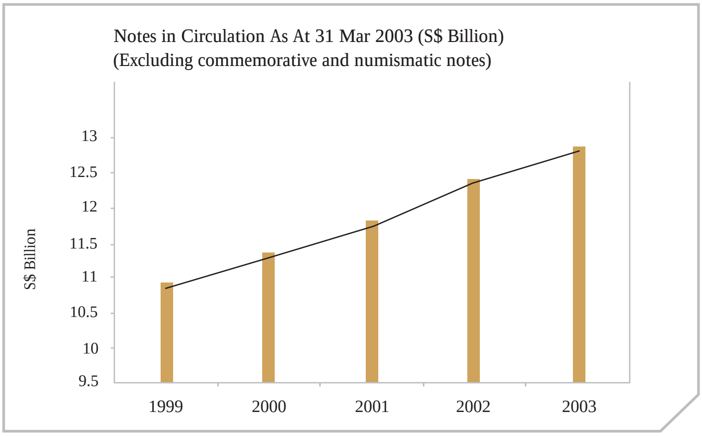


TABLE 2

Denomination (S$)	1999	2000	2001	2002	2003
$1	156.10	154.65	153.39	145.32	150.25
$2	390.76	413.16	425.36	459.75	474.92
$5	158.41	167.94	173.32	179.70	185.22
$10	876.69	923.81	955.85	1,024.32	1,036.52
$20	130.83	128.60	126.15	124.69	123.36
$25	10.11	10.11	10.11	10.10	10.10
$50	3,715.99	3,796.09	4,150.44	4,420.04	4,508.76
$100	677.94	754.93	811.89	828.83	824.74
$500	595.78	482.55	400.75	362.54	335.85
$1000	3,058.88	3,258.50	3,361.97	3,651.50	3,995.06
$10000	1,097.35	1,163.54	1,123.52	1,161.80	1,177.96
Total	10,868.84	11,253.88	11,692.75	12,368.59	12,822.74

CHART 21

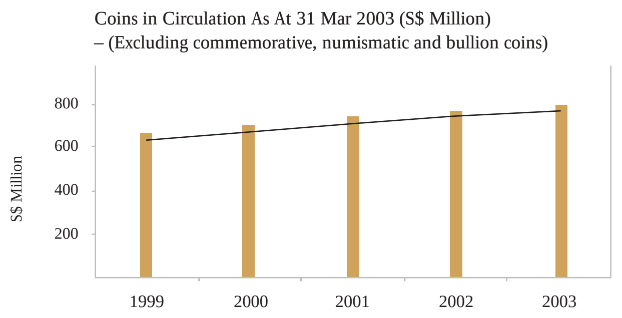


TABLE 3

Denomination (S$)	1999	2000	2001	2002	2003
1¢	5.74	6.19	6.63	7.12	6.94
5¢	23.21	24.53	25.69	26.73	27.90
10¢	89.27	91.00	92.53	93.99	95.07
20¢	105.36	107.37	108.29	109.77	111.84
50¢	135.12	137.37	138.92	141.21	144.54
$1	283.14	305.68	319.74	334.53	348.85
$5	6.93	6.91	6.92	6.07	5.99
Total	648.77	679.05	698.72	719.42	741.13

HUMAN RESOURCE DEPARTMENT

Building Capacity to Meet Challenges

Talent is the key resource at MAS, and during the year we added 76 people to our talent pool. Of these, 41 were professionals with the market experience and skills needed to deal with the increasingly complex and volatile financial markets. To meet longer term talent needs, MAS awarded 12 undergraduate scholarships.

Recruitment	No.	%
Professionals	55	72
Non-Professionals	21	28
	76	100

Recruitment	%
Economic Research, Monetary Policy & Reserve Management	5
Development & External Relations	12
Market Conduct	20
Prudential Supervision	30
Currency & Corporate Resource	22
Managing Director's Office & Internal Audit	11
	100

Training is strongly emphasised as our aim is to create an environment that encourages lifelong learning for both individual growth and organisational strength. Some $2.0 million was spent on employee training during the year, equivalent to 2.6% of payroll.

Each member of the staff received, on average, 12 days of training, including attachments to financial institutions and supranational organisations. A few of our professional staff were awarded scholarships or professional development awards for postgraduate programmes at local and foreign universities, and 93 staff enrolled in part-time courses under our Educational Sponsorship Scheme.

Box 14

OPEN DIALOGUE

A new programme – Viewpoint@MAS – was launched last year to equip staff with the skills for effective feedback exchange. The aim is more open dialogue within MAS. Our belief is that regular and candid feedback to one another will improve individual and team performance. By the end of the financial year, two-thirds of our staff had attended the programme. The rest will do so this year.

Looking ahead, our focus will be on sharpening technical skills, especially in the areas of integrated supervision and financial surveillance. MAS will take a more systematic approach to functional training and implement a rigorous training syllabus for our officers. Partnership with industry will be strengthened through our external attachment programme.

Box 15

CORPORATE SERVICES DEPARTMENT

Creating a More Conducive Working Environment

MAS' offices were renovated last year to optimise space usage and accommodate the increased staff number. Recladding of MAS Building was also initiated and will be completed by September 2004.

With the heightened awareness on security, turnstiles will be installed at MAS Building. This project should be completed by end 2003.

FINANCE DEPARTMENT

Keeping an Eye on Risk

BCCS merged with MAS on 1 October 2002, and all of the BCCS's reserves were transferred to MAS. The Finance Department worked closely with the BCCS to ensure the smooth integration of all financial operations.

The President of Singapore's approval was sought before the merger for a supplementary budget to take on the currency issue and management operations as well as other merger-related income and expenditure items.

The Finance Department's Financial Risk Management Division continued to support the work of the Risk Committee, which was set up in 2000 to assist the Board of Directors in managing financial risks inherent in MAS' investment portfolios.

Chaired by an independent board member, Mr Lam Chuan Leong, Permanent Secretary (Ministry of the Environment), the Committee oversees MAS' risk management process.

The Financial Risk Management Division provides regular reports of the risk profiles of MAS' investments, formulates financial risk policies and controls, and monitors portfolios for compliance with the investment guidelines.

INFORMATION TECHNOLOGY DEPARTMENT

New Era of Easy Access to E-services

Our move towards the disclosure-based regime took a big step forward in July 2002 with the launch of OPERA, the Offers and Prospectuses Electronic Repository and Access system. OPERA gives the public easy access via the internet to prospectuses and offers of investments lodged to MAS as well as a feedback channel.

An online Minimum Liquid Assets (MLA) returns system was set up for banks. Under the risk-based Liquidity Supervision Framework, banks with stronger liquidity risk management have lower MLA requirements. The new system gives banks a convenient and secure channel to submit MLA data.

The MAS website was revamped to improve usability and accessibility. Content was reorganised and navigation flow improved. An enhanced integrated search engine gives the public easy access to information on the MAS, OPERA and Singapore Government Securities websites.

A link is being built from the MAS Electronic Payment System (MEPS) to the Continuous Linked Settlement System (CLS) to prepare for the inclusion of the Singapore Dollar as a CLS settlement currency. This link will greatly reduce the settlement risk for foreign exchange transactions involving the Singapore Dollar. Work has also begun on the next generation of the Real-Time Gross Settlement system. Based on SWIFT standards, this system will enable the industry to meet new commercial and regulatory challenges.

With the merger of BCCS with MAS, IT systems and network infrastructures were smoothly integrated. A high-speed link gives staff at Currency House access to all IT facilities at MAS Building.

A knowledge management portal is being built to improve operational effectiveness and efficiency, and to create a culture of shared purpose and team collaboration. A group of pilot users are testing the system, which will include a strong search engine that provides the ability to quickly find relevant information and knowledge assets.

INTERNAL AUDIT DEPARTMENT

Maintaining an Effective Control Environment

With the approval of the Audit Committee, the Internal Audit Department conducted an extensive programme of risk-based audits during the year. These covered the areas of reserve management, monetary policy management, financial sector supervision, and corporate resource management. With the MAS-BCCS integration in October 2002, the currency issuance function was included.

Our value-added audit services included pre-implementation reviews of key IT infrastructure projects such as enhancements to MEPS.

Box 16

AUDIT COMMITTEE

The Audit Committee assists the Board in overseeing MAS' activities. It reviews the adequacy of internal controls, and the scope and results of the internal and external auditors' work. The Committee also reviews the integrity of the financial reporting process and MAS' financial statements.

The Audit Committee comprises Mr Lim Siong Guan (Chairman), Mr Chan Seng Onn, and Dr Philip N Pillai. They met three times during the year, and minutes of all meetings were circulated to the Board. The Committee also presented an annual report to the Board.

PARTNERING THE INTERNATIONAL FINANCIAL COMMUNITY

International Advisory Panel

Formed in November 1998, the IAP comprises some of the world's leading experts in the financial sector. The panel advises MAS on Singapore's financial sector reforms and strategies. Tapping the knowledge and expertise of a distinguished advisory panel gives MAS a global perspective on financial sector issues, and keeps MAS abreast of market developments and policy initiatives in major international financial centres. The 3rd meeting of the MAS IAP was held on 24 July 2002.

The IAP presently comprises 15 members:

Chairman of IAP:

Mr Lim Hng Kiang
Minister for Health and Second Minister for Finance

Members of IAP:

Mr Claude Bebear
Chairman of the Supervisory Board, AXA Group
(January 2001-)

Dr Rolf-E Breuer
Chairman of the Supervisory Board, Deutsche Bank AG
(January 1999-)

Mr Andrew Crockett
Former General Manager, Bank for International Settlements
(January 2003-)

Mr Tom Glocer
Chief Executive Officer, Reuters Group PLC
(January 2001-)

Mr Rijkman Groenink
Chairman, ABN AMRO Bank NV
(January 2001-)

Mr John Mack
Chief Executive Officer, Credit Suisse First Boston
(January 1999-)

Sir Peter Middleton
Chairman, Barclays Bank PLC
(January 2001-)

Mr Marcel Ospel
Chairman, UBS AG
(January 2001-)

Mr Michel Pebereau
Chairman, BNP Paribas
(January 1999-)

Mr Philip Purcell
Chairman and CEO, Morgan Stanley & Co, Inc
(January 2003-)

Mr Robert E. Rubin
Chairman of Executive Committee, Citigroup Inc
(January 2001-)

Dr Werner G Seifert
Chief Executive Officer, Deutsche Borse AG
(January 2001-)

Mr Tasuku Takagaki
Senior Advisor, The Bank of Tokyo-Mitsubishi, Ltd
(January 2001-)

Dr Junichi Ujiie
Chairman, Nomura Holdings, Inc
(January 2001-)

MAS Lecture

The MAS Lecture series, which began in 2000, provides a platform for a distinguished member of the international financial community to speak on issues of current interest. Mr Robert Rubin, Chairman of the Executive Committee, Citigroup Inc and former US Treasury Secretary delivered the 2002 Lecture in July last year. His topic: "*The Conflicts Around Globalisation: A Framework For Going Forward*". Sir Howard Davies, Chairman of the Financial Services Authority (FSA), the UK's top financial regulator delivered the 2003 Lecture on 20 May 2003. The topic of Sir Howard's lecture was "*Is the Global Regulatory System Fit for Purpose in the 21st Century?*" Participants attending the lecture included senior executives from financial institutions based here and in the region, diplomats, and officials from the public sector.

ANNUAL ACCOUNTS

MAS FY2002/2003 FINANCIAL STATEMENT HIGHLIGHTS

Total assets of the Authority grew by S$24,122 million to S$153,866 million as at 31 March 2003. Of this, S$15,986 million, or 10% of the total assets, is attributable to the assets of the Currency Fund transferred on 1 October 2002, from the previous Board of Commissioners of Currency, Singapore (BCCS), following the merger. The net assets of the Currency Fund at the end of the financial year provided 112% asset backing for the currency in circulation of S$13,840 million, included as liabilities of the Authority.

Total liabilities, including currency in circulation, increased by S$20,719 million to S$138,466 million. The increase in Government deposits with the Authority of S$9,903 million to S$92,488 million reflected mainly the proceeds from the larger issuance of Singapore Government Securities through the Authority to the public and the Central Provident Fund Board.

The Authority recorded a net profit of S$623 million for FY2002/2003, a decrease of S$18 million compared to the previous financial year. The return on foreign investments continued to be affected by the low interest rate environment and volatile financial markets. Total expenditure fell by S$38 million to S$267 million as investment, interest and personnel expenditure contracted.

In accordance with Section 3 of the Statutory Corporations (Contributions to Consolidated Fund) Act (Chapter 319A, 2000 Revised Edition), 22% of the net profit or S$137 million will be paid into the Government's Consolidated Fund.

Under Section 6(3) of the Monetary Authority of Singapore Act (Chapter 186, 1999 Revised Edition), the MAS Board approved the credit of the remaining S$5 million of the net profit to the General Reserve Fund after the return of S$500 million to the Government.

REPORT ON THE AUDIT OF THE ACCOUNTS OF THE MONETARY AUTHORITY OF SINGAPORE

For the year ended 31 March 2003

The accounts of the Monetary Authority of Singapore set out on pages 86 to 101 have been examined under my direction and in accordance with the provisions of the Monetary Authority of Singapore Act (Chapter 186, 1999 Revised Edition). I have obtained all the information and explanations I have required.

In my opinion, the accompanying accounts show fairly the state of affairs of the Authority as at 31 March 2003 and the financial transactions of the Authority for the year ended on that date.

CHUANG KWONG YONG
AUDITOR-GENERAL
SINGAPORE
24 JUNE 2003

INCOME AND EXPENDITURE STATEMENT

For the year ended 31 March	Note	General Reserve Fund 2003 S$'000	General Reserve Fund 2002 S$'000	Currency Fund 2003 S$'000	Currency Fund 2002 S$'000	Total 2003 S$'000	Total 2002 S$'000
Income/(Loss) from Foreign Operations (after transfers to/from provisions)	4	595,585	720,336	(9,118)	-	586,467	720,336
Income from Domestic and Other Operations	5	294,199	215,281	1,220	-	295,419	215,281
Non-operating Income	6	8,955	10,516	-	-	8,955	10,516
Total Income/(Loss) (after transfers to/from provisions)		898,739	946,133	(7,898)	-	890,841	946,133
Less:							
Investment, Interest and Other Expenses	7	113,066	164,460	11,108	-	124,174	164,460
Personnel Expenditure	8	96,536	105,057	-	-	96,536	105,057
General and Administrative Expenditure	9	30,398	25,891	-	-	30,398	25,891
Depreciation/Amortisation		16,310	9,778	-	-	16,310	9,778
		256,310	305,186	11,108	-	267,418	305,186
Profit/(Loss) for the Year (after transfers to/from provisions)		642,429	640,947	(19,006)	-	623,423	640,947
Less:							
Contribution to Consolidated Fund	19	137,153	157,032	-	-	137,153	157,032
Net Profit/(Loss) for the Year (after transfers to/from provisions)		505,276	483,915	(19,006)	-	486,270	483,915

The accompanying notes form part of the accounts.

BALANCE SHEET

As at 31 March	Note	2003 S$'000	2002 S$'000
CAPITAL AND GENERAL RESERVES			
Authorised Capital		100,000	100,000
Issued and Paid-up Capital	10	100,000	100,000
General Reserve Fund	11	13,595,458	11,897,723
Currency Fund Reserves	12	1,705,115	-
		15,400,573	11,997,723
FINANCIAL SECTOR DEVELOPMENT FUND	13	491,470	486,601
		15,892,043	12,484,324
Represented by:			
ASSETS			
Cash and Bank Balances		124,817	120,574
Singapore Government Treasury Bills		337,085	507,036
Singapore Government Bonds		5,338,215	5,886,372
Gold and Foreign Assets	14	147,701,275	122,956,379
Other Assets	16	145,136	160,850
Fixed Assets	17	219,891	113,656
		153,866,419	129,744,867
Less:			
LIABILITIES			
Currency in Circulation		13,840,156	-
Deposits of Banks and Financial Institutions	18	6,714,521	7,310,119
Contribution to Consolidated Fund	19	224,161	157,032
Return of Profit to Singapore Government		500,000	2,442,968
Allocation of Special Drawing Rights in IMF		39,961	37,732
Provisions and Other Liabilities	20	24,658,889	25,213,823
Deposits of Singapore Government		92,488,158	82,585,470
		138,465,846	117,747,144
NET ASSETS OF THE AUTHORITY		15,400,573	11,997,723
NET ASSETS OF FINANCIAL SECTOR DEVELOPMENT FUND	13	491,470	486,601
		15,892,043	12,484,324

The accompanying notes form part of the accounts.

LEE HSIEN LOONG
CHAIRMAN
MONETARY AUTHORITY OF SINGAPORE
SINGAPORE
24 JUNE 2003

KOH YONG GUAN
MANAGING DIRECTOR
MONETARY AUTHORITY OF SINGAPORE
SINGAPORE
24 JUNE 2003

STATEMENT OF CHANGES IN EQUITY

	Issued and Paid-up Capital S$'000	General Reserve Fund S$'000	Currency Fund Reserves S$'000	Total S$'000
Balance as at 1 April 2001	100,000	13,856,776	-	13,956,776
Net Profit for the Year (after transfers to/from provisions)	-	483,915	-	483,915
Return of Profit to Singapore Government	-	(2,442,968)	-	(2,442,968)
Balance as at 31 March 2002	100,000	11,897,723	-	11,997,723
Transfer of Reserves from BCCS	-	-	3,416,580	3,416,580
Transfer of Reserves from Currency Fund	-	2,231,268	(2,231,268)	-
Net Profit/(Loss) for the Year (after transfers to/from provisions)	-	505,276	(19,006)	486,270
Transfer of Reserves from General Reserve Fund	-	(538,809)	538,809	-
Return of Profit to Singapore Government	-	(500,000)	-	(500,000)
Balance as at 31 March 2003	100,000	13,595,458	1,705,115	15,400,573

The accompanying notes form part of the accounts.

CASH FLOW STATEMENT

For the year ended 31 March	Note	2003 S$'000	2002 S$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the Year (after transfers to/from provisions)		623,423	640,947
Adjustments for:			
Depreciation/Amortisation of			
Fixed Assets	17	16,289	9,761
Other Assets		21	17
Assets Transferred from BCCS Capitalised		(239)	-
Net Gain from Disposals of Fixed Assets		(489)	(6)
Profit before Working Capital Changes		639,005	650,719
(Increase)/Decrease in			
Singapore Government Treasury Bills		169,951	1,190,944
Singapore Government Bonds		548,157	(2,027,849)
Gold and Foreign Assets		(8,044,563)	777,934
Other Assets		16,962	(40,305)
Increase/(Decrease) in			
Deposits of Banks and Financial Institutions	18	(595,598)	95,119
Allocation of Special Drawing Rights in IMF		2,229	561
Provisions and Other Liabilities		(564,095)	(10,311,758)
Deposits of Singapore Government		9,902,688	11,796,232
NET CASH FROM OPERATING ACTIVITIES		2,074,736	2,131,597
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets		(14,540)	(15,373)
Proceeds from Sale of Fixed Assets/Other Assets		1,087	16
NET CASH USED IN INVESTING ACTIVITIES		(13,453)	(15,357)
CASH FLOWS FROM FINANCING ACTIVITIES			
Transfer of cash balances from BCCS		36,707	-
Increase in Currency in Circulation		506,253	-
Contribution to Consolidated Fund		(157,032)	(413,379)
Return of Profit to Singapore Government		(2,442,968)	(1,586,621)
NET CASH USED IN FINANCING ACTIVITIES		(2,057,040)	(2,000,000)
NET INCREASE IN CASH AND BANK BALANCES		4,243	116,240
CASH AND BANK BALANCES AS AT BEGINNING OF THE YEAR		120,574	4,334
CASH AND BANK BALANCES AS AT END OF THE YEAR		124,817	120,574

The accompanying notes form part of the accounts.

STATEMENT OF BACKING OF CURRENCY IN CIRCULATION

The Currency Fund is established under Section 21 of the Currency Act (Chapter 69, 2002 Revised Edition). Section 22 of the Act states that the external assets of the Currency Fund shall not be less than 100% of the face value of the Currency in Circulation.

As at 31 March, the value of external assets and the Currency in Circulation are:

	2003 S$'000
CURRENCY IN CIRCULATION	13,840,156
EXTERNAL ASSETS	15,985,732
LESS : PROVISIONS AND OTHER LIABILITIES	(440,461)
NET ASSETS	15,545,271

The accompanying notes form part of the accounts.

NOTES TO THE ACCOUNTS

For the year ended 31 March 2003

These notes form an integral part of and should be read in conjunction with the accompanying accounts.

1 GENERAL

The Authority is established under the Monetary Authority of Singapore Act (Chapter 186, 1999 Revised Edition) and is located at 10 Shenton Way, MAS Building, Singapore 079117.

2 PRINCIPAL ACTIVITIES

2.1 The principal activities of the Authority are:

a) to conduct monetary policy and to manage the official foreign reserves and the issuance of government securities;
b) to supervise the banking, insurance, securities and futures industries, and develop strategies in partnership with the private sector to promote Singapore as an international financial centre; and
c) to issue currency notes and coins in Singapore in accordance with the Currency Act (Chapter 69, 2002 Revised Edition).

2.2 Merger with Board of Commissioners of Currency, Singapore (BCCS)

The Currency (Amendment) Act 2002 came into operation on 1 October 2002, and on that day, all functions and activities of BCCS, amongst other things, were transferred to and vested in the Authority.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Compliance with Statements of Accounting Standard

The financial statements of the Authority are prepared in accordance with the Monetary Authority of Singapore Act (Chapter 186, 1999 Revised Edition) and comply with Singapore Statements of Accounting Standard to the extent that it is appropriate to do so having regard to the Authority's mission and principal activities, in particular, its responsibility to conduct monetary policy based on managing the Singapore dollar exchange rate within a trade-weighted policy band.

3.2 Basis of Accounting

The accounts are prepared in accordance with the historical cost convention and on an accrual basis. Purchases and sales of investments are recognised on a settlement date basis.

3.3 Foreign Currency Translation

Assets and liabilities in foreign currencies have been translated into Singapore dollars at the rates of exchange ruling on the balance sheet date. Transactions in foreign currencies during the year have been translated into Singapore dollars at the rates of exchange prevailing on the transaction dates. Exchange differences are taken to the income and expenditure statement.

3.4 Income Recognition

a) Interest income is recognised on an accrual basis.
b) Dividends from equities are recognised in the financial year in which they are declared payable.
c) Premiums and discounts are amortised on the straight-line basis over the remaining life of the securities, except for discounts on zero-coupon bonds that are amortised using the effective interest rate basis. Premiums and discounts are recognised as interest expense or interest income accordingly.
d) Profits and losses on disposal of investments are taken to the income and expenditure statement.
e) Licence fees and rental income are recognised on an accrual basis.

3.5 Singapore Government Treasury Bills and Bonds

Singapore Government Treasury bills and bonds are stated at cost. Provision has been made for diminution in value, if any, based on the lower of cost and market value on an individual investment basis.

3.6 Gold and Foreign Assets

Gold and foreign assets are stated at cost. Provision has been made for diminution in value, if any, based on the lower of cost and market value on an individual investment basis. Foreign assets represent the Authority's investments in a global diversified portfolio.

3.7 Repurchase and Reverse Repurchase Agreements ("Repos" and "Reverse Repos")

Reverse Repos are treated as collaterised borrowing and the amounts borrowed are included in other liabilities. The securities sold under reverse repos are treated as pledged assets and remain on the balance sheet as assets.

Repos are treated as collaterised lending and the amounts lent are included in other assets. The difference between the amount received and the amount paid under repos and reverse repos is amortised as interest income and interest expense respectively on the straight-line basis.

3.8 Derivative Instruments

Off-balance sheet financial derivatives include forwards, swaps, futures and options. Provision has been made for diminution in value, if any, based on the lower of cost and market value.

3.9 Operating Lease

a) Leases where substantially all the rewards and risks of ownership remain with the leasing companies are accounted for as operating leases. Rental receipts/payments under operating leases are accounted for in the income and expenditure statement on the straight-line basis over the period of the relevant leases.
b) When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an income/expense in the period in which termination takes place.

3.10 Employees' Benefits

Employees' benefits including leave entitlement are recognised on an accrual basis.

3.11 Fixed Assets and Depreciation

a) Fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated on the straight-line basis to write off the cost of the fixed assets over their estimated useful lives as follows:

Leasehold Land	Period of lease
Buildings	50 years or period of lease whichever is lower
Building Improvements and Renovation	10 years
Mechanical and Electrical Installations	10 years
Computer Equipment and Software	3 to 5 years
Furniture, Fixtures, Motor Vehicles and Other Equipment	3 to 5 years

b) Assets costing not more than S$1,000 are charged to the income and expenditure statement in the year of purchase.
c) When the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the income and expenditure statement for the period.

3.12 Valuation of Assets Transferred on Merger with BCCS

a) Under the Currency (Amendment) Act 2002 that came into operation on 1 October 2002, all movable and immovable properties vested in BCCS and all past reserves, assets, liabilities, employees, interests, rights, privileges, obligations and commitments of BCCS were transferred to and vested in the Authority.
b) All BCCS' assets and liabilities were transferred to the Authority at their book values as at 30 September 2002.

4 INCOME FROM FOREIGN OPERATIONS

Income from foreign operations includes interest, dividends, realised capital gains/losses and exchange gains/losses less provision for diminution in value of individual investment, based on the lower of cost and market value.

5 INCOME FROM DOMESTIC AND OTHER OPERATIONS

Income from domestic and other operations includes mainly interest and capital gain from Singapore Government Treasury bills and bonds, licence fees, revenue from sale of circulation coins and revenue from services rendered to banks and financial institutions on MAS Network and MAS Electronic Payment System which provides real-time gross settlement of payments.

6 NON-OPERATING INCOME

Non-operating income includes rental and carpark income, interest on loans to staff and management services fee.

7 INVESTMENT, INTEREST AND OTHER EXPENSES

Foreign investment expenses include management fees and bank, custody and other charges. Interest and other expenses comprise mainly interest paid on borrowings and reverse repurchase agreements and the cost of coin operations.

8 PERSONNEL EXPENDITURE

8.1 This includes the following:

	2003 S$'000	2002 S$'000
Salaries	73,636	82,565
Employer's Contribution to the Central Provident Fund	9,843	10,730
Training and Personnel Development	5,445	5,150
Staff Benefits	3,285	2,543
Directors' Fee	27	36

8.2 As at 31 March 2003, the Authority has 969 (31 March 2002: 870) employees.

9 GENERAL AND ADMINISTRATIVE EXPENDITURE

This includes the following:

	2003 S$'000	2002 S$'000
Information Technology Expenses	10,419	8,869
Consultancy and Other Fees	2,878	886
Building and Mechanical and Electrical Maintenance	2,069	1,612
Official Trips and Conferences	1,812	1,921
Property Tax and Quit Rent	1,393	1,426
Rental Expense – Operating Leases	1,019	805
Audit Fee	500	350
Entertainment	113	140

10 ISSUED AND PAID-UP CAPITAL

The issued and paid-up capital of S$100 million is wholly-owned by the Government of the Republic of Singapore.

11 GENERAL RESERVE FUND

The General Reserve Fund is established under Section 6(1) of the Monetary Authority of Singapore Act (Chapter 186, 1999 Revised Edition). Movements in the General Reserve Fund are set out in the statement of changes in equity.

12 CURRENCY FUND RESERVES

12.1 Out of the total net assets of S$3,416 million transferred from BCCS to the Authority, S$2,231 million was added to the General Reserve Fund and the remaining S$1,185 million left in the Currency Fund.

12.2 The assets and liabilities of the Currency Fund as at 31 March 2003 are as follows:

	Note	2003 S$'000
External Assets		
Gold	14.1	291,750
Foreign Assets	14.1	15,693,982
		15,985,732
Less:		
Liabilities		
Active Currency in Circulation		13,774,559
Currency Held by the Authority		65,597
Currency in Circulation		13,840,156
Provisions and Other Liabilities		440,461
		14,280,617
Currency Fund Reserves		1,705,115

13 FINANCIAL SECTOR DEVELOPMENT FUND

13.1 The Financial Sector Development Fund (hereinafter called the Fund) is established under Section 30A of the Monetary Authority of Singapore Act (Chapter 186, 1999 Revised Edition). It is controlled and administered by the Authority. The Fund shall be used for the objects and purposes set out in Section 30B of the Act.

13.2 The assets and liabilities of the Fund as at 31 March 2003 are as follows:

	Note	2003 S$'000	2002 S$'000
Accumulated Fund			
Capital Account	13.6	471,635	471,635
Accumulated Surplus		19,835	14,966
		491,470	486,601
Represented by:			
Assets			
Cash and Deposits		58,141	77,372
Interest and Dividend Receivable		10,412	11,975
Funds managed by Fund Managers	13.3	431,663	404,968
		500,216	494,315
Less:			
Liabilities			
Accounts Payable		8,746	7,714
Net Assets		491,470	486,601

13.3 Details of Funds managed by Fund Managers are as follows:

	2003 S$'000	2002 S$'000
Bank Balances and Deposits	53,011	72,993
Treasury Bills, at cost	24,356	-
Fixed Income Securities, at cost	271,669	255,279
Less: Provision for Diminution in Value	(257)	(2,893)
(Market Value – 2003: S$283,789)	271,412	252,386
(Market Value – 2002: S$253,212)		
Equities, at cost	97,063	82,275
Less: Provision for Diminution in Value	(17,526)	(6,186)
(Market Value – 2003: S$80,841)	79,537	76,089
(Market Value – 2002: S$82,154)		
Provision for Diminution in Value of Forwards	(380)	-
(Market Value – 2003: -S$367)		
(Market Value – 2002: S$530)		
Prepayments and Other Receivables	4,187	3,900
Accrued Expenses and Other Payables	(460)	(400)
	431,663	404,968

(Total Market Value - 2003: S$445,357)
(Total Market Value - 2002: S$412,389)

13.4 The financial results of the Fund are as follows:

	2003 S$'000	2002 S$'000
Funds managed by Fund Managers		
Interest Income	10,334	9,471
Dividend Income	1,126	729
Realised Exchange Gain/(Loss)	69	(1,096)
Realised Capital Loss	(12,898)	(4,297)
Investment Expenses	(1,845)	(1,628)
Net Realised Investment (Loss)/Income	(3,214)	3,179
Foreign Currency Translation Gain	7,971	1,844
Provision for Diminution in Value	(9,085)	(9,079)
Net Investment Loss	(4,328)	(4,056)
Interest Income from Bank Deposits	238	662
Dividend on SGX Shares	18,489	18,249
Write-back of Over-provisions for Accruals	1,048	-
	15,447	14,855
Less:		
Manpower Development Grants	1,381	1,168
Non-manpower Development Grants	9,197	8,952
	10,578	10,120
Net Surplus for the year	4,869	4,735
Accumulated Surplus as at beginning of the year	14,966	10,231
Accumulated Surplus as at end of the year	19,835	14,966

13.5 Significant Accounting Policies
The accounts are prepared in accordance with the historical cost convention. The Fund's investments are valued at the lower of cost and market value.

13.6 The Capital Account is funded from the net sale proceeds of the Singapore Exchange Limited's (SGX) shares.

13.7 As at 31 March 2003, SEL Holdings Pte Ltd (SEL) holds 249,991,184 SGX shares for the benefit of the Fund as stipulated under Section 11(2) of the Exchanges (Demutualisation and Merger) Act (Chapter 99B, 2000 Revised Edition). These SGX shares held have a total market valuation of S$312 million as at 31 March 2003 (31 March 2002: S$325 million). The net sale proceeds of these shares (after deducting expenses allowed under Section 10(1) and the par value of those shares) shall be paid by SEL into the Fund under Section 10(2) of the Act.

13.8 The non-manpower development grants include the Innovation in Financial Technology & Infrastructure Grant Scheme that was set up during the year to encourage the development of innovation in technology and/or infrastructure in financial services. The Scheme is co-funded by the Singapore Government and the Fund for selected projects. Grants accrued under the Scheme as at 31 March 2003 are as follows:

	2003 S$'000
Grants to be borne by	
Singapore Government	219
Financial Sector Development Fund	1,197
	1,416

13.9 The Fund has outstanding commitments, amounting to S$22.2 million in respect of grants approved but not paid out as at 31 March 2003 (31 March 2002: S$5.9 million).

14 GOLD AND FOREIGN ASSETS

14.1 These comprise the following:

	General Reserve Fund		Currency Fund		Total	
	2003 S$'000	2002 S$'000	2003 S$'000	2002 S$'000	2003 S$'000	2002 S$'000
Gold	81,926	85,579	291,750	-	373,676	85,579
Foreign Investments						
Securities (including Treasury bills, bonds and equities)	117,503,606	105,539,288	15,041,884	-	132,545,490	105,539,288
Bank Balances, Deposits and Negotiable Certificates of Deposit	11,862,404	15,213,168	535,748	-	12,398,152	15,213,168
Other Foreign Investments	1,107,075	879,687	116,551	-	1,223,626	879,687
Foreign Currency Liabilities	(376,864)	(201,893)	(201)	-	(377,065)	(201,893)
	130,178,147	121,515,829	15,985,732	-	146,163,879	121,515,829
International Monetary Fund (see Note 14.2)						
Reserve Tranche	1,019,537	902,822	-	-	1,019,537	902,822
Holdings of Special Drawing Rights (SDRs)	321,005	278,558	-	-	321,005	278,558
Poverty Reduction and Growth Facility (PRGF)	97,023	91,609	-	-	97,023	91,609
Poverty Reduction and Growth Facility - Heavily Indebted Poor Countries (PRGF-HIPC)	106,835	100,875	-	-	106,835	100,875
Accrued Income	5,666	5,737	-	-	5,666	5,737
Currency Adjustment	(67,342)	6,277	-	-	(67,342)	6,277
	1,482,724	1,385,878	-	-	1,482,724	1,385,878
Investment in Bank for International Settlements (See Note 14.3)	54,670	54,670	-	-	54,670	54,670
Shareholding in SWIFT	2	2	-	-	2	2
Total Gold and Foreign Assets	131,715,543	122,956,379	15,985,732	-	147,701,275	122,956,379

14.2 International Monetary Fund (IMF) Assets

The Reserve Tranche represents the amount of the paid-up portion of the Singapore quota. Changes in SDR Holdings are due to interest receipts and payments of charges. Singapore participated in the IMF's PRGF (previously known as Enhanced Structural Adjustment Facility) with an initial loan of SDR40 million disbursed over four years from 1988 and another SDR40 million in 1994. The period of the loan is ten years from the date of disbursement. The first SDR40 million has been rolled over for another ten years upon maturity under the PRGF-HIPC. The Authority's balance of SDR4,045,647 in the Post-Special Contingent Account-2 with IMF was transferred to the PRGF-HIPC on 24 April 2001 as an interest-free deposit maturing at the end of 2018.

14.3 Investment in Bank for International Settlements

The Authority's investment in the Bank for International Settlements comprises 3,000 shares at 2,500 gold francs per share (25% paid).

15 FINANCIAL RISK MANAGEMENT

15.1 To foster a sound risk-controlled investment environment in the Authority, a Risk Committee, chaired by an independent Board member, has been set up to assist the Board of Directors in the management of financial risks inherent in the Authority's investment portfolios. This Committee is responsible for strategic risk management issues as well as ensuring that appropriate risk methodologies and effective risk measurement systems are established. In addition, the Committee reviews and recommends portfolio benchmarks, based on the Authority's defined risk tolerance, for approval by the MAS Board.

15.2 An independent risk management unit provides senior management and the Risk Committee, with regular reports of the risk profiles of the Authority's investments. These reports cover risk measurement and analysis of the Authority's portfolios. It also formulates risk policies and controls, and performs independent compliance monitoring of the portfolios in accordance with the stipulated investment guidelines.

15.3 Interest Rate and Credit Risks

a) Interest rate risk is the risk of loss arising from changes in market interest rates.

b) Credit risk is the risk of loss arising from counterparty's failure to discharge its obligations under a financial contract. The Authority's credit exposures arise mainly from its business relationships with counterparties and custodians. These risks are managed by dealing only with highly-rated entities and assigning comprehensive credit limit to each of them. Credit risks are also mitigated by diversifying credit exposures across multiple entities.

c) As the Authority invests mainly in high quality investment grade securities, issuer credit risk is minimal. The Authority's credit exposure at the end of the financial year, in relation to each class of recognised financial assets, is the carrying amount of those assets as indicated in the balance sheet.

16 OTHER ASSETS

16.1 These comprise the following:

	2003 S$'000	2002 S$'000
Loans, Deposits and Other Receivables	141,482	153,126
Corporate Club Memberships, at cost	722	500
Less: Amount amortised	(172)	(151)
	550	349
Staff Loans		
Amount repayable within 12 months	546	846
Amount repayable after 12 months	2,558	6,529
	3,104	7,375
	145,136	160,850

16.2 Staff loans include housing, conveyance, renovation and personal computer loans. The period ranges from 3 years for computer loans to 30 years for housing loans. The interest rates vary, ranging from 0% for personal computer loans to 1% below DBS Bank's housing loan rate (subject to a floor of 5% per annum) for the portion of housing loans exceeding S$750,000.

17 FIXED ASSETS

	Leasehold Land S$'000	Buildings S$'000	Building Improve-ments and Renovation S$'000	Mechanical and Electrical Installations S$'000	Computer Equipment and Software S$'000	Furniture, Fixtures, Motor Vehicles and Other Equipment S$'000	Work-in-Progress S$'000	Total S$'000
COST								
As at 1.4.2002	25,449	105,950	3,925	36,285	18,202	16,977	652	207,440
Additions	-	-	5,469	1,224	1,284	6,018	2,092	16,087
Assets Transferred from BCCS	22,621	65,036	16,596	-	622	1,626	33	106,534
Disposals	-	(85)	-	-	(334)	(20)	-	(439)
Transfers	-	-	-	-	640	-	(640)	-
Adjustments	-	-	4,792	3,881	-	(8,673)	(12)	(12)
As at 31.3.2003	48,070	170,901	30,782	41,390	20,414	15,928	2,125	329,610
ACCUMULATED DEPRECIATION								
As at 1.4.2002	4,502	35,708	894	35,225	11,693	5,762	-	93,784
Additions	1,092	4,350	4,191	248	3,173	3,953	-	17,007
Disposals	-	-	-	-	(334)	(20)	-	(354)
Adjustments	-	-	91	776	-	(1,585)	-	(718)
As at 31.3.2003	5,594	40,058	5,176	36,249	14,532	8,110	-	109,719
Depreciation for FY 2001/2002	265	2,125	393	126	3,353	3,499	-	9,761
NET BOOK VALUE								
As at 31.3.2003	42,476	130,843	25,606	5,141	5,882	7,818	2,125	219,891
As at 31.3.2002	20,947	70,242	3,031	1,060	6,509	11,215	652	113,656

18 DEPOSITS OF BANKS AND FINANCIAL INSTITUTIONS

	2003 S$'000	2002 S$'000
Banks	6,394,213	6,789,466
Finance Companies	249,993	284,591
Securities Companies	6,100	6,800
	6,650,306	7,080,857
International Financial Institutions	63,891	228,857
Foreign Central Banks	324	405
	6,714,521	7,310,119

Deposits from banks and financial institutions in Singapore represent mainly the minimum cash balances maintained by banks and finance companies with the Authority as required under the Banking Act (Chapter 19, 1999 Revised Edition) and the Finance Companies Act (Chapter 108, 2000 Revised Edition) respectively and statutory deposits from holders of capital market services licence required under the Securities and Futures Act (Chapter 289, 2002 Revised Edition).

19 CONTRIBUTION TO CONSOLIDATED FUND

This represents the contribution to be made to the Consolidated Fund in accordance with the Statutory Corporations (Contributions to Consolidated Fund) Act (Chapter 319A, 2000 Revised Edition). The contribution is based on 22% (2002: 24.5%) of the profit for the year.

20 PROVISIONS AND OTHER LIABILITIES

Provisions have been made for contingencies under Section 6(2) of the Monetary Authority of Singapore Act (Chapter 186, 1999 Revised Edition). Other liabilities include borrowings from banks, borrowings under reverse repurchase agreements, creditors, accounts payable and accruals.

21 STATUTORY DEPOSITS OF INSURANCE COMPANIES AND REMITTANCE LICENSEES

The following statutory deposits of insurance companies held by the Authority under the Insurance Act (Chapter 142, 2002 Revised Edition) and the remittance licensees under the Money-Changing and Remittance Businesses Act (Chapter 187, 1996 Revised Edition) are not included in the balance sheet:

	2003 S$'000	2002 S$'000
Insurance Companies		
Bank Covenants	31,500	33,500
Fixed Deposits	55,623	38,479
Singapore Government Bonds	7,550	7,350
	94,673	79,329
Remittance Licensees		
Bank Guarantees	17,700	20,300

22 COMMITMENTS

22.1 International Monetary Fund

In addition to the Reserve Tranche and Holdings of Special Drawing Rights disclosed in Note 14, the Authority has an obligation to pay an amount of S$1,073 million (31 March 2002: S$1,073 million) which represents the unpaid portion of the Singapore quota due to IMF under Section 4 of Article III of the Articles of Agreement.

As a participant in the IMF's 'New Arrangements to Borrow' (NAB), the Authority undertakes to provide a credit line of up to SDR340 million [S$825 million] (31 March 2002: S$779 million) in the event of a financial emergency as specified by the NAB. During the year, the Authority did not grant any loan under the NAB.

22.2 Bank for International Settlements

The Authority has a commitment, amounting to S$31.3 million as at 31 March 2003 (31 March 2002: S$29.3 million), in respect of the uncalled portion of its investment in the Bank for International Settlements. The amount is based on the nominal value (in gold francs) of the uncalled portion and gold price as at the balance sheet date.

22.3 Currency Swap Agreement

The Authority participated in a financing package organised for Thailand by the IMF. The financing package is in the form of a Currency Swap Agreement between the Bank of Thailand (BOT) and a number of Asian central banks and multinational institutions, including the Authority. Under the Agreement, the Authority entered into swap transactions to exchange US dollars for Thai Baht up to a maximum of US$1.0 billion [S$1.8 billion] for a maximum period of 5 years. As at 31 March 2003, the outstanding principal due from BOT under the Agreement amounted to US$79.3 million [S$140 million] (31 March 2002: US$402.5 million [S$742 million]).

22.4 Repurchase Agreements with Other Central Banks

The Authority has entered into bilateral repurchase agreements with various Asian central banks to provide liquidity assistance in times of emergency. For the financial year ended 31 March 2003, there was no request for liquidity assistance from any counterpart.

22.5 ASEAN Swap Arrangement

The Authority has participated in the multilateral swap arrangement together with other ASEAN central banks and monetary authorities to provide short-term foreign exchange liquidity support for member countries that experience balance of payments difficulties. For the financial year ended 31 March 2003, there was no request for liquidity support from any member country.

22.6 Circulation Coin Operations and Management

A company has been appointed to undertake the coin management functions under a five-year contract from 1 October 1999. On expiry of the contract, the Authority would buy back from the company the balance of the coin stock purchased previously, up to a maximum value of S$3.8 million.

22.7 Committed Contracts

The committed aggregate long positions in forwards in foreign currencies vis-à-vis the domestic currency (including the forward leg of currency swaps) are as follows:

	2003 S$'000	2002 S$'000
Long positions	2,900,000	350,000

22.8 Capital Commitments

Capital expenditure not provided for in the accounts is as follows:

	2003 S$'000	2002 S$'000
Amount approved and contracted for	775	13,822
Amount approved but not contracted for	35,079	24,177
	35,854	37,999

22.9 Leases

Future minimum lease payments under non-cancellable operating leases are as follows:

	2003 S$'000	2002 S$'000
Within 1 year	489	937
Within 2 to 5 years	119	400
	608	1,337

23 COMPARATIVE FIGURES

23.1 Comparative figures for the financial year ended 31 March 2002 do not include BCCS assets and liabilities as the merger and transfer took place on 1 October 2002.

23.2 Comparative figures have also been reclassified to conform with the presentation in the current year.

CALENDAR OF MONETARY AND FINANCIAL EVENTS

01.04.2002
The Board of Commissioners of Currency, Singapore (BCCS) stops the issue of 1-cent coins to help the business sector reduce costs in handling low denomination currency. The 1-cent coin remains as legal tender. BCCS was later merged with Monetary Authority of Singapore (MAS) on 1 October 2002.

08.04.2002
The Singapore Exchange (SGX) extends the securities borrowing period on its Securities Lending programme by allowing successive rollovers.

10.04.2002
ABN Amro joins as a Singapore Government Securities (SGS) Primary Dealer, bringing the total number of Primary Dealers to 11.

17.04.2002
Singapore's first local Exchange Traded Fund, the streetTRACKS Straits Times Index Fund, lists on the SGX.

18.04.2002
Full-sized Japanese Government Bond futures and options begin trading on the SGX.

24.04.2002
SGX raises the threshold for mandatory quarterly reporting for listed companies to S$75.0 million.

02.05.2002
MAS announces that it has adopted the International Monetary Fund (IMF) and World Bank's financial sector assessment programme in a move towards international best practice.

03.05.2002
The Government announces the Budget for Financial Year 2002/2003. The Budget includes tax incentives for financial sector activities.

15.05.2002
SGX launches the MSCI Japan Index futures contract.

25.06.2002
MAS announces the proposed introduction of a deposit insurance scheme. The primary objectives of the proposed scheme are to provide protection to small depositors and to dispel public perception of a government guarantee on deposits.

The Association of Banks in Singapore (ABS) unveils its Code of Consumer Banking Practice.

MAS discloses full details of how the licensing regime under the Financial Advisers Act (FAA) will work.

01.07.2002
Part XIII of the Securities and Futures Act (SFA) on Offers of Shares, Debentures and Collective Investment Schemes (CIS) comes into effect. MAS takes over from the Registry of Companies and Businesses as the prospectus registration and CIS authorisation authority.

SGX launches its new market data feed system or SGX Securities Book.

SGX issues new Listing Manual.

08.07.2002
Parliament passes a Bill to amend the Companies Act to implement recommendations of a private-sector committee, the Disclosure and Accounting Standards Committee, assigned to help Singapore bring its disclosure standards and corporate governance practices to world-class levels.

11.07.2002
MAS issues a Monetary Policy Statement, maintaining its neutral policy stance of a 0% appreciation in the Singapore Dollar Nominal Effective Exchange Rate (S$NEER) for the second half of 2002.

17.07.2002
MAS revamps the capital requirements for stockbrokers in line with its emphasis on a risk-based regulatory framework.

18.07.2002
MAS releases the Macroeconomic Review, July 2002.

22.07.2002
Parliament announces that the government changes the property financing rules to give banks first claim to a mortgaged property – ahead of the Central Provident Fund (CPF) Board in the event of borrower default.

23.07.2002
Parliament passes a Bill to amend the Currency Act to provide for the dissolution of BCCS and to make explicit the definition of legal tender.

Parliament passes a Bill to amend the Bills of Exchange Act for the purpose of establishing a Cheque Truncation System.

07.08.2002
The Securities Industry Council issues guidelines for assessing the independence of independent financial advisers in a company takeover.

08.08.2002
MAS issues transitional regulations under the SFA and FAA.

15.08.2002
Another six single-stock futures contracts begin trading on the SGX.

The Board of Governors of the World Bank and the IMF, comprising Finance Ministers and central bank Governors of 184 member countries, endorses Singapore's offer to host the prestigious 2006 Annual Meetings.

21.08.2002
MAS issues a consultation paper on proposed legislation to protect payment and settlement systems.

30.08.2002
MAS issues a consultation paper on its proposal to implement a regulatory framework for health insurance business.

01.09.2002
MAS reduces the minimum cash downpayment required for the purchase of residential property from 20.0% to 10.0% of the property value. While the maximum amount of financing that can be extended by financial institutions remains at 80.0%, purchasers can now use CPF savings to finance an additional 10.0% of the property value.

04.09.2002
MAS hosts the 2002 IMF Article IV Consultation to discuss Singapore's economic developments and policies.

09.09.2002
MAS allows the submission of non-competitive bids at Treasury bill auctions, instead of just at SGS bond auctions as was the case previously. This will facilitate the participation of small investors at SGS primary auctions.

11.09.2002
MAS issues Securities and Futures Regulations for Markets and Clearing Facilities, and Guidelines on the Regulation of Markets.

17.09.2002
MAS releases revised internet banking guidelines.

18.09.2002
The Financial Services Working Group, part of the Economic Review Committee (ERC) Sub-Committee on Service Industries, unveils its recommendations on financial services.

20.09.2002
The Bills of Exchange (Amendment) Act 2002 and the Bills of Exchange (Cheque Truncation) Regulations 2002 take effect.

01.10.2002
BCCS merges with MAS.

The SFA and FAA come into effect.

Public Accountants Board issues a set of rules on auditor independence as part of moves to improve corporate governance.

MAS unveils new rules to curb terrorist financing.

30.10.2002
MAS issues proposed guidelines on sound risk management practices.

11.11.2002
MAS issues proposed guidelines on technology risk management practices for all financial institutions.

MAS issues notices on the prevention of money laundering to Capital Markets Services licensees and Financial Advisers.

12.11.2002
SGX launches a Middle East crude oil futures contract in co-operation with the Tokyo Commodity Exchange.

15.11.2002
Singapore launches the Credit Bureau (Singapore) Pte Ltd.

25.11.2002
Parliament passes the Payment and Settlement Systems (Finality and Netting) Bill.

05.12.2002
MAS issues revised guidelines for retail hedge funds.

09.12.2002
The Payment and Settlement Systems (Finality and Netting) Act takes effect.

11.12.2002
MAS removes the 20.0% aggregate foreign shareholding limit on finance companies.

16.12.2002
MAS invites applications for the remaining 7 Wholesale Bank Licences.

20.12.2002
MAS issues a consultation paper on risk-based capital framework for general insurers.

01.01.2003
Quarterly reporting by Singapore-listed companies takes effect.

SGX revises rules on the listing of structured warrants.

02.01.2003
MAS issues a Monetary Policy Statement, maintaining the neutral policy stance of a 0% appreciation for the S$NEER policy path.

ABS launches the Consumer Mediation Unit as an affordable, independent mediation mechanism to strengthen the protection to consumers against unfair practices by banks.

07.01.2003
IMF releases Public Information Notice on the conclusion of the 2002 IMF Article IV Consultation with Singapore.

09.01.2003
MAS releases the Macroeconomic Review, January 2003.

10.01.2003
MAS issues a consultation paper on proposed Business Continuity Management guidelines.

15.01.2003
SGX launches open-dated securities lending.

22.01.2003
MAS lifts its 1995 car loan guidelines which restricted the maximum financing for the purchase of a car to 70.0% of its purchase price, including the price of its Certificate of Entitlement, to be repaid over a period of not more than 7 years.

SGX separates the membership categories for securities trading and clearing on its Exchange.

29.01.2003
The Terrorism (Suppression of Financing) Act takes effect.

24.02.2003
MAS issues a consultation paper on proposed guidelines and regulations to enhance the existing corporate governance framework for locally incorporated banks and direct insurers.

27.02.2003
The General Insurance Association of Singapore and the Life Insurance Association of Singapore launch the Insurance Disputes Resolution Organisation as an independent channel for resolving disputes between the insured and insurers.

28.02.2003
The Government announces the Budget for Financial Year 2003/2004, and accepts the ERC recommendations. The Budget includes tax incentives for financial sector activities.

20.03.2003
MAS issues consultation papers on:

1) A proposal to issue temporary representative's licence to individuals residing outside Singapore.
2) Proposals relating to the approval of arrangements between foreign companies and locally regulated affliates under the SFA and FAA.

28.03.2003
MAS revises Property Fund Guidelines to raise the borrowing limit from 25.0% to 35.0%.

31.03.2003
SGX and the Australian Stock Exchange (ASX) double the number of stocks available for co-trading through their co-trading linkage to 100 SGX-listed stocks and 100 ASX-listed stocks.

01.04.2003
MAS introduces a uniform price auction format for SGS bond auctions.

14.04.2003
SGX institutes a Unit Share Trading system to replace the odd-lot market for securities trading.

16.04.2003
MAS issues a consultation paper on the proposed Payment Systems Oversight Act.

23.04.2003
MAS issues consultation papers on amendments to the SFA and FAA.

24.04.2003
MAS and SGX announce that MAS will take over the primary responsibility for on-site inspection of brokers from 1 July 2003.

SGX raises the threshold for mandatory quarterly reporting for listed companies to S$75.0 million.

KEY ECONOMIC AND FINANCIAL STATISTICS

	1998	1999	2000	2001	2002
NATIONAL INCOME AGGREGATES					
Gross Domestic Product					
At Current Market Prices (S$m)	137084.8	137935.1	157700.2	152065.5	155726.6
Growth Rate (% change)	-3.2	0.6	14.3	-3.6	2.4
At 1995 Market Prices (S$m)	138399.2	147287.5	161142.8	157318.5	160853.4
Growth Rate (% change)	-0.9	6.4	9.4	-2.4	2.2
Gross National Income					
At Current Market Prices (S$m)	141144.4	140977.0	157600.1	153043.5	153677.0
Growth Rate (% change)	-4.3	-0.1	11.8	-2.9	0.4
LABOUR FORCE					
Unemployment Rate (%)	3.2	3.5	3.1	3.3	4.4
Productivity Growth (% change)	-3.5	6.9	5.1	-5.7	4.2
Employment Growth (% change)	-1.1	2.0	5.3	0.0	-1.9
Average Monthly Earnings (% change)	2.8	2.7	8.9	2.3	0.8
Unit Labour Cost (% change)	3.8	-9.4	0.2	6.1	-4.2
SAVING AND INVESTMENT					
Gross National Saving (S$m)	75351.9	70483.7	73797.7	65765.6	65594.0
As % of GNI	53.4	50.0	46.8	43.0	42.7
Gross Domestic Capital Formation (S$m)	44316.0	44746.8	50903.3	36852.0	32103.4
As % of GNI	31.4	31.7	32.3	24.1	20.9
BALANCE OF PAYMENTS (S$M)					
Goods Balance	24011.8	20298.5	21201.4	26460.3	33214.0
Exports of Goods	184538.1	197539.9	241114.9	222967.2	229864.6
Growth Rate (% change)	-4.2	7.0	22.1	-7.5	3.1
Imports of Goods	160526.3	177241.4	219913.5	196506.9	196650.6
Growth Rate (% change)	-13.6	10.4	24.1	-10.6	0.1
Services and Other Balances	7024.1	5438.4	1693.0	2453.3	276.6
Current Account Balance	31035.9	25736.9	22894.4	28913.6	33490.6
As % of GNI	22.0	18.3	14.5	18.9	21.8
Capital and Financial Account Balance	-31613.0	-21929.3	-3600.0	-27861.3	-28318.9
Balancing Item	5557.7	3513.6	-7459.0	-2654.2	-2885.2
Overall Balance	4980.6	7321.2	11835.4	-1601.9	2286.5
Official Foreign Reserves	124584.4	128457.0	139260.0	139942.1	142721.3
INFLATION (% CHANGE)					
Consumer Price Index	-0.3	0.0	1.3	1.0	-0.4
GDP Deflator	-2.4	-5.5	4.5	-1.2	0.2

	1998	1999	2000	2001	2002
MONETARY AGGREGATES (% CHANGE)					
M1	-1.0	14.2	6.9	8.5	-0.7
M2	30.2	8.5	-2.0	5.9	-0.3
M3	8.0	7.3	-1.8	4.0	-0.8
INTEREST RATES (PERIOD AVERAGE, % PER ANNUM)					
Prime Lending Rate	7.49	5.80	5.83	5.68	5.37
Banks' 3-month Fixed Deposit Rate	4.60	1.68	1.71	1.54	0.91
Banks' 3-month Domestic Interbank Rate	5.20	2.12	2.57	2.00	0.95
3-month US$ SIBOR	5.56	5.41	6.53	3.78	1.80
EXCHANGE RATES (PERIOD AVERAGE, S$ PER)					
US Dollar	1.6736	1.6949	1.7239	1.7917	1.7906
Pound Sterling	2.7722	2.7427	2.6134	2.5809	2.6885
Euro	nil	1.8093	1.5930	1.6050	1.6909
100 Japanese Yen	1.2823	1.4944	1.6001	1.4751	1.4309
Malaysian Ringgit	0.4271	0.4460	0.4537	0.4715	0.4712
BANKING AND FINANCE					
Commercial Banks' Assets/Liabilities (S$m)	309974.5	326295.4	344005.8	384630.9	368426.3
Growth Rate (% change)	7.0	5.3	5.4	11.8	-4.2
Finance Companies' Assets/Liabilities (S$m)	21941.9	20742.4	19801.1	14961.1	13722.3
Growth Rate (% change)	-1.2	-5.5	-4.5	-24.4	-8.3
Merchant Banks' Assets/Liabilities (S$m)	60545.4	56999.6	59871.2	56398.4	52564.3
Growth Rate (% change)	-9.2	-5.9	5.0	-5.8	-6.8
Asian Currency Units' Assets/Liabilities (US$m)	503609.9	480399.4	486452.7	471389.3	491566.0
Growth Rate (% change)	-9.6	-4.6	1.3	-3.1	4.3
INSURANCE					
Life Insurers' Assets/Liabilities (S$m)	22270.5	29138.9	35397.9	48714.2	54658.7
Growth Rate (% change)	15.1	30.8	21.5	37.6	12.2
General Insurers' Assets/Liabilities (S$m)	9107.6	9719.8	10011.9	10982.5	12130.3
Growth Rate (% change)	3.3	6.7	3.0	9.7	10.5
CPF					
Excess of Contributions Over Withdrawals (S$m)	2370.5	14.7	-478.4	-566.5	1304.1
DOMESTIC CAPITAL MARKET					
Net Funds Raised in Domestic Capital Market (S$m)	16994.7	24383.6	28919.7	36408.5	29071.1

STATISTICAL ANNEX

A.1 MONETARY STATISTICS: MONEY SUPPLY

S$ Million

End of Period	1994	1995	1996	1997	1998	1999	2000	2001	2002	March 2003
MONEY SUPPLY (M1)	23,411.5	25,349.2	27,040.0	27,510.9	27,239.1	31,109.1	33,261.9	36,082.9	35,828.2	36,868.3
Currency in circulation	9,420.3	9,906.5	10,293.1	10,703.8	10,146.2	11,315.4	11,289.2	11,867.8	12,360.3	12,555.0
Demand deposits	13,991.2	15,442.7	16,746.9	16,807.1	17,092.9	19,793.7	21,972.7	24,215.1	23,467.9	24,313.3
QUASI-MONEY	70,569.1	76,618.1	84,910.8	95,932.5	133,544.8	143,365.3	137,635.9	144,825.6	144,479.9	146,656.7
Fixed deposits	53,622.8	54,908.2	59,987.0	72,704.6	81,294.6	85,988.3	83,043.8	83,308.2	81,597.5	82,440.0
Savings and other deposits	16,350.1	20,894.8	24,079.3	22,594.4	51,673.7	56,828.0	54,276.8	61,313.5	62,656.8	63,980.7
S$NCDs	596.2	815.1	844.5	633.5	576.5	549.0	315.3	203.9	225.6	236.0
MONEY SUPPLY (M2)	93,980.6	101,967.3	111,950.8	123,443.4	160,783.9	174,474.4	170,897.8	180,908.5	180,308.1	183,525.0
Net deposits with non-bank financial institutions	31,854.5	34,769.3	36,543.9	37,322.6	12,797.1[1]	11,709.3	12,014.9	9,408.4	8,507.3	8,220.3
Finance companies	11,863.8	13,273.7	13,192.0	13,969.3	12,797.1	11,709.3	12,014.9	9,408.4	8,507.3	8,220.3
POSBank	19,990.7	21,495.6	23,351.9	23,353.3	-	-	-	-	-	-
MONEY SUPPLY (M3)	125,835.1	136,736.6	148,494.7	160,766.0	173,581.0	186,183.7	182,912.7	190,316.9	188,815.4	191,745.3

1 From November 1998, with the acquisition of POSBank by the Development Bank of Singapore, POSBank's data has been incorporated as part of the banking system in M1 and M2, and not as a non-bank financial institution in M3.

A.2 MONETARY STATISTICS: OFFICIAL FOREIGN RESERVES[1]

S$ Million

End of Period	1994	1995	1996	1997	1998	1999	2000	2001	2002	March 2003
TOTAL FOREIGN RESERVES	85,165.5	97,336.6	107,750.8	119,616.8	124,584.4	128,457.0	139,260.0	139,942.1	142,721.3	147,569.5
Gold & Foreign Exchange	84,559.4	96,666.2	107,072.5	118,764.7	123,570.3	127,161.0	137,974.9	138,548.7	141,292.9	146,106.3
Reserve Position in the IMF	381.5	430.3	428.8	564.3	614.5	908.5	868.0	919.8	925.2	943.5
Special Drawing Rights (SDRs)	224.6	240.1	249.5	287.8	399.6	387.5	417.1	473.6	503.2	519.7
TOTAL FOREIGN RESERVES (US$ Million)	58,304.6	68,823.2	76,975.9	71,391.7	75,028.2	77,176.0	80,361.9	75,800.1	82,276.4	83,607.3

1 Prior to May 1999, Singapore's official foreign reserves (OFR) were valued at book cost. With effect from May 1999, the book value of foreign reserve assets are translated at market exchange rates prevailing at the end of each reporting month.

A.3 MONETARY STATISTICS: EXCHANGE RATES

S$ Per Foreign Currency

Period Average	1994	1995	1996	1997	1998	1999	2000	2001	2002	1st Quarter 2003
US Dollar	1.5274	1.4174	1.4101	1.4848	1.6736	1.6949	1.7239	1.7917	1.7906	1.7446
100 Japanese Yen	1.4951	1.5154	1.2971	1.2277	1.2823	1.4944	1.6001	1.4751	1.4309	1.4674
Euro	-	-	-	-	-	1.8093	1.5930	1.6050	1.6909	1.8728
Pound Sterling	2.3377	2.2369	2.2017	2.4334	2.7722	2.7427	2.6134	2.5809	2.6885	2.7969
Swiss Franc	1.1184	1.2009	1.1425	1.0245	1.1563	1.1306	1.0223	1.0630	1.1528	1.2777
Australian Dollar	1.1166	1.0510	1.1040	1.1024	1.0518	1.0933	1.0031	0.9274	0.9737	1.0356
100 Korean Won	0.1900	0.1838	0.1754	0.1587	0.1204	0.1426	0.1526	0.1389	0.1435	0.1452
100 New Taiwan Dollar	5.7724	5.3382	5.1354	5.1752	5.0004	5.2544	5.5231	5.3031	5.1801	5.0288
Hong Kong Dollar	0.1976	0.1832	0.1823	0.1918	0.2160	0.2184	0.2212	0.2297	0.2296	0.2237
Malaysian Ringgit	0.5823	0.5651	0.5605	0.5353	0.4271	0.4460	0.4537	0.4715	0.4712	0.4591
Thai Baht	0.0607	0.0569	0.0556	0.0488	0.0409	0.0448	0.0430	0.0403	0.0416	0.0408
100 Indonesian Rupiah	0.0707	0.0632	0.0606	0.0536	0.0173	0.0218	0.0207	0.0176	0.0193	0.0196

Note: Currencies quoted are those frequently requested from the Authority.

A.4 MONETARY STATISTICS: DOMESTIC INTEREST RATES

Per cent Per Annum

Period Average	1994	1995	1996	1997	1998	1999	2000	2001	2002	1st Quarter 2003
BANKS [1]										
Prime Lending Rate	5.82	6.37	6.26	6.30	7.49	5.80	5.83	5.68	5.37	5.34
Fixed Deposit Rate										
3-month	3.00	3.50	3.41	3.47	4.60	1.68	1.71	1.54	0.91	0.71
6-month	3.26	3.77	3.67	3.72	4.66	2.04	2.06	1.87	1.19	0.98
12-month	3.54	4.11	4.01	4.02	4.82	2.46	2.45	2.17	1.44	1.23
Savings Deposit Rate	2.31	2.81	2.72	2.75	3.11	1.36	1.30	1.16	0.61	0.38
FINANCE COMPANIES [2]										
Fixed Deposit Rate										
3-month	3.28	3.28	3.14	3.32	4.61	1.77	1.85	1.54	0.98	0.73
6-month	3.52	3.68	3.48	3.62	4.73	2.23	2.31	1.78	1.19	1.04
12-month	3.99	4.20	3.93	4.03	4.94	2.73	2.82	2.14	1.42	1.39
Savings Deposit Rate	2.33	2.56	2.50	2.55	3.04	1.30	1.31	1.14	0.69	0.49
INTERBANK RATE [3]										
1-month	3.43	2.38	2.88	4.10	5.02	1.80	2.45	1.93	0.87	0.71
3-month	3.69	2.63	2.92	4.09	5.20	2.12	2.57	2.00	0.95	0.74
US$ SIBOR										
1-month	4.50	5.96	5.45	5.64	5.57	5.26	6.41	3.88	1.77	1.33
3-month	4.76	6.01	5.52	5.74	5.56	5.41	6.53	3.78	1.80	1.33
6-month	5.09	6.12	5.58	5.83	5.54	5.52	6.65	3.74	1.89	1.33

1 Average of 10 leading banks.
2 Average of 10 leading finance companies.
3 Closing offer rates quoted by money brokers.
Note: Interest rates for banks (except for Prime Lending Rate) and finance companies refer to average of end of month rates.

B.1 FINANCIAL STRUCTURE: NUMBER OF FINANCIAL INSTITUTIONS IN SINGAPORE

End-March	1996	1997	1998	1999	2000	2001	2002	2003
BANKS	143	152	154	142	140	133	120	117
Local [1]	12	12	12	9	8	8	6	5
Foreign	131	140	142	133	132	125	114	112
Full banks	22	22	22	22	23	23	22	22
Wholesale banks [2]	14	13	13	13	16	20	33	31
Offshore banks	95	105	107	98	93	82	59	59
(Banking offices including head offices and main offices)	(473)	(482)	(474)	(561)	(538)	(485)	(444)	(405)
ASIAN CURRENCY UNITS	214	224	226	205	195	184	169	164
Banks	135	144	146	135	133	127	115	112
Merchant banks	79	80	80	70	62	57	54	52
FINANCE COMPANIES	22	19	19	15	14	11	7	5
(Finance companies' offices including head offices)	(128)	(125)	(119)	(109)	(101)	(79)	(65)	(59)
MERCHANT BANKS	79	80	80	70	63	58	55	53
INSURANCE COMPANIES	146	154	164	159	153	145	144	143 [3]
Direct insurers	59	59	61	59	55	53	57	57
Professional reinsurers	38	45	51	49	47	43	36	36
Captive insurers	49	50	52	51	51	49	51	50
INSURANCE BROKERS	-	-	-	-	-	88	90	57 [4]
REPRESENTATIVE OFFICES	58	64	70	69	66	62	55	51
Banks	55	61	68	69	66	62	55	51
Merchant banks	3	3	2	-	-	-	-	-
INTERNATIONAL MONEY BROKERS	10	8	9	9	9	8	8	8
LICENSED FINANCIAL ADVISERS [5]	-	-	-	-	-	-	-	49

End-March	1996	1997	1998	1999	2000	2001	2002	2003
CAPITAL MARKETS SERVICES LICENSEES [6]								
Dealing in Securities, of which:	82	89	89	77	77	81	79	59
Clearing Member Companies of SGX-ST	33	33	32	30	31	35	27	26
Non-Clearing Member Companies of SGX-ST	-	-	-	-	-	-	-	1
Non-Member Companies of SGX-ST	49	56	57	47	46	46	52	32
Trading in Futures Contracts, of which:	59	49	46	49	45	50	39	36
Clearing Member Companies of SGX-DT	36	35	35	32	30	31	27	25
Non-Clearing Member Companies of SGX-DT	21	13	11	13	11	10	6	6
Commerical Associate Member Companies of SGX-DT	2	1	0	4	4	9	6	5
Advising on Corporate Finance								22
Fund Management	151 [7]	156 [7]	156 [7]	148 [7]	154 [7]	167 [7]	167 [7]	90
Leveraged Foreign Exchange Trading	-	-	-	-	-	-	-	11
Securities Financing	-	-	-	-	-	-	-	13
Providing Custodial Services for Securities	-	-	-	-	-	-	-	26

1 All local banks are full banks.
2 Previously known as restricted banks.
3 Figure includes 20 companies on run-off.
4 Figure excludes 26 direct life brokers. With effect from 1 October 2002, the regulation of direct life brokers was transferred to the Financial Advisers Act.
5 Financial Adviser's Licence is issued under the Financial Advisers Act which came into force on 1 October 2002.
6 In view of the single licensing framework under the Securities and Futures Act (SFA) which was implemented from 1 October 2002, the data available after 1 October 2002 and those prior to 1 October 2002 are not directly comparable. The new licensing regime allows companies to engage in seven regulated activities. Before the implementation of the SFA, the old regime was governed under the repealed Securities Industry Act and the Futures Trading Act which provided for 5 different licences to perform the full range of capital market activities. The 5 licences are: dealer's licences, investment adviser's licence, futures broker's licence and futures trading adviser's licence and futures pool operator's licence.
7 This shows the number of investment advisers operating pursuant to the Securities Industry Act and 1 futures pool operator operating pursuant to the Futures Trading Act.

C.1 COMMERCIAL BANKS: ASSETS AND LIABILITIES

S$ Million

End of Period	1994	1995	1996	1997	1998	1999	2000	2001	2002	March 2003
ASSETS										
Cash in hand	593.5	688.8	811.2	802.2	998.2	2,556.7	1,488.9	1,234.3	1,176.1	1,014.6
Balances with MAS	5,564.3	6,471.8	7,095.4	7,702.2	5,430.8	7,524.3	5,690.9	6,970.8	6,462.8	6,250.2
S$NCDs held	71.0	104.9	198.5	212.5	175.0	162.5	149.7	167.3	34.1	34.0
Amounts due from banks	79,152.9	79,837.0	86,112.6	99,935.3	106,345.0	114,900.2	124,665.5	125,133.7	113,148.7	116,419.8
In Singapore	28,411.2	30,926.6	33,555.1	30,220.6	38,215.6	29,458.6	42,535.9	27,069.9	17,434.6	18,463.2
ACUs	26,373.8	25,398.6	24,851.9	34,517.1	29,216.6	40,026.6	34,859.9	49,988.1	57,485.7	61,707.4
Outside Singapore	24,367.9	23,511.8	27,705.6	35,197.5	38,912.8	45,414.9	47,269.7	48,075.8	38,228.3	36,249.2
Money market investments	4,888.1	5,661.4	5,939.0	6,738.3	8,103.7	11,264.5	11,023.9	13,965.1	16,540.9	17,026.9
Treasury bills	4,888.1	5,661.4	5,939.0	6,738.3	8,103.7	11,264.5	11,023.9	13,965.1	16,540.9	17,026.9
Other investments	14,608.2	16,637.6	18,694.3	19,667.5	27,134.3	28,996.2	34,439.5	56,882.3	44,997.0	48,561.9
In Singapore	13,439.6	15,508.4	17,400.4	18,340.0	25,778.6	26,330.6	31,048.7	53,023.8	39,523.6	42,488.7
Government securities	8,681.3	10,092.5	11,599.0	12,145.1	18,398.3	19,684.0	22,694.9	26,546.7	26,226.7	29,542.1
Other securities	4,758.3	5,415.9	5,801.4	6,194.9	7,380.3	6,646.6	8,353.8	26,477.1	13,297.0	12,946.6
Outside Singapore	1,168.7	1,129.2	1,293.9	1,327.5	1,355.8	2,665.6	3,390.8	3,858.5	5,473.3	6,073.1
Loans and advances to non-bank customers	90,974.2	108,974.0	126,987.7	143,243.8	151,640.9	147,185.5	154,042.1	162,920.8	160,253.6	160,783.7
of which bills financing	6,247.8	6,879.3	8,693.4	9,363.5	4,924.5	5,118.2	3,584.2	3,636.6	3,047.7	3,151.6
Fixed and other assets	6,100.3	6,203.2	6,884.7	11,270.6	10,146.6	13,705.5	12,505.3	17,356.6	25,813.2	29,797.7
LIABILITIES										
Paid-up capital and reserves	15,685.3	18,904.1	20,977.3	23,709.6	23,323.8	25,318.6	24,492.1	36,855.7	30,560.9	32,472.8
Deposits of non-bank customers	99,032.2	108,885.5	118,201.5	124,143.0	162,310.3	174,454.1	171,316.4	182,551.4	180,138.4	184,062.3
S$NCDs issued	667.2	920.0	1,043.0	846.0	751.5	711.5	465.0	371.3	259.8	270.0
Amounts due to banks	77,295.1	86,063.1	101,576.8	125,856.1	105,301.7	103,432.8	126,223.9	129,232.8	121,371.4	123,311.7
In Singapore	25,125.5	29,881.0	34,328.6	31,134.2	29,769.5	23,124.0	34,334.2	28,544.0	18,218.6	18,215.8
ACUs	24,993.0	26,293.3	31,293.4	50,049.6	43,034.2	44,623.1	53,662.4	61,177.4	61,777.0	62,833.1
Outside Singapore	27,176.6	29,888.8	35,954.8	44,672.3	32,497.9	35,685.7	38,227.3	39,511.3	41,375.8	42,262.8
Amounts borrowed from other creditors	1,337.6	1,369.8	1,423.9	1,316.0	519.3	903.0	922.3	4,265.3	2,022.7	2,035.4
Bills payable	511.6	503.4	589.2	552.5	478.8	754.1	598.4	516.7	606.1	518.3
Other liabilities	7,423.6	7,932.8	8,911.7	13,149.2	17,289.2	20,721.4	19,987.6	30,837.9	33,467.0	37,218.3
TOTAL ASSETS/LIABILITIES	201,952.5	224,578.7	252,723.4	289,572.3	309,974.5	326,295.4	344,005.8	384,630.9	368,426.3	379,888.8

C.2 COMMERCIAL BANKS: LOANS AND ADVANCES BY INDUSTRIAL CLASSIFICATION

S$ Million

End of Period	1994	1995	1996	1997	1998	1999	2000	2001	2002	March 2003
Agriculture, mining and quarrying	119.8	159.3	132.8	187.6	223.6	191.4	178.7	113.0	161.6	116.5
Manufacturing	8,856.2	11,003.1	12,248.2	12,472.0	12,249.2	11,574.7	11,620.7	11,964.7	10,743.9	10,059.0
Building and construction	13,509.9	16,712.9	21,401.2	26,234.8	25,580.0	23,444.0	25,644.7	26,578.4	23,725.3	23,645.2
Housing loans	14,702.8	17,482.8	20,402.3	22,934.8	31,788.5	35,154.1	38,562.5	41,733.2	46,135.9	47,084.7
General commerce	19,442.6	21,643.9	23,931.8	26,349.5	21,549.1	19,949.3	18,967.5	17,693.0	16,559.1	16,044.1
Transport, storage and communication	1,902.2	2,178.1	2,618.7	3,575.7	4,459.7	3,743.3	4,124.2	6,148.9	4,540.2	4,345.4
Non-bank financial institutions	13,644.4	16,888.6	19,448.3	20,997.4	22,724.1	21,062.8	20,864.7	21,569.2	21,746.3	23,193.7
Professional and private individuals	13,786.0	16,889.5	20,256.1	22,775.4	21,766.1	21,594.2	24,722.1	27,740.9	26,976.3	27,170.9
Others	5,010.2	6,015.8	6,548.3	7,716.5	11,300.6	10,471.7	9,356.9	9,379.4	9,665.0	9,124.3
TOTAL	90,974.2	108,974.0	126,987.7	143,243.8	151,640.9	147,185.5	154,042.1	162,920.8	160,253.6	160,783.7

C.3 COMMERCIAL BANKS: TYPES OF LOANS AND ADVANCES TO NON-BANK CUSTOMERS

S$ Million

End of Period	1994	1995	1996	1997	1998	1999	2000	2001	2002	March 2003
Overdrafts	23,620.2	26,965.7	30,306.9	36,063.2	32,680.6	28,302.8	27,020.7	23,880.4	20,001.1	19,142.0
Term loans	55,238.2	68,394.5	81,518.5	90,805.3	109,009.0	109,175.1	118,580.0	130,968.4	133,025.7	134,464.3
Bills discounting	6,247.8	6,879.2	8,693.4	9,363.5	4,924.5	5,118.1	3,584.3	3,636.6	3,047.7	3,151.7
Trust receipts	5,867.9	6,734.6	6,468.9	7,011.8	5,026.7	4,589.3	4,857.2	4,435.4	4,179.1	4,025.8
TOTAL	90,974.2	108,974.0	126,987.7	143,243.8	151,640.9	147,185.5	154,042.1	162,920.8	160,253.6	160,783.7

C.4 COMMERCIAL BANKS: TYPES OF DEPOSITS INCLUDING S$NCDS

S$ Million

End of Period	1994	1995	1996	1997	1998	1999	2000	2001	2002	March 2003
Demand	15,787.6	17,537.8	18,862.7	18,297.4	18,427.1	21,676.0	23,650.0	25,966.6	25,178.1	26,424.7
Fixed	65,083.2	67,389.6	71,802.7	80,089.1	88,658.1	92,118.7	89,774.6	90,845.1	87,879.2	89,131.0
Savings	16,900.2	23,501.3	27,168.2	25,439.4	54,862.4	60,271.8	57,477.4	65,331.1	66,690.8	68,141.6
S$NCDs (net)	596.2	815.1	844.5	633.5	576.5	549.0	315.3	204.0	225.7	236.0
Others	1,261.1	456.8	368.0	317.2	362.7	387.6	414.4	408.7	390.4	365.1
TOTAL	99,628.3	109,700.6	119,046.0	124,776.5	162,886.8	175,003.1	171,631.7	182,755.4	180,364.1	184,298.3

C.5 COMMERCIAL BANKS: LIQUIDITY POSITION

S$ Million

Period Average	1994	1995	1996	1997	1998	1999	2000	2001	2002	1st Quarter 2003
Liabilities Base	87,580.0	100,138.0	114,828.5	122,777.4	134,282.4	162,193.4	168,185.3	177,264.5	185,568.9	189,544.9
Liquid Assets										
(a) Minimum Requirement	21,019.2	24,033.1	27,558.9	29,466.6	30,125.4	34,060.6	35,318.9	37,225.6	38,969.5	39,804.4
(b) Total Actual Liquid Assets	21,932.2	25,039.1	28,632.1	30,556.7	31,968.6	37,419.2	39,518.6	44,342.4	46,845.5	49,627.5
(c) Free Liquid Assets (b) - (a)	913.0	1,006.0	1,073.3	1,090.2	1,843.2	3,358.6	4,199.7	7,116.8	7,876.0	9,823.1
Liquidity Ratios	25.0	25.0	24.9	24.9	23.9	23.1	23.5	25.0	25.2	26.2

D.1 FINANCE COMPANIES: ASSETS AND LIABILITIES

S$ Million

End of Period	1994	1995	1996	1997	1998	1999	2000	2001	2002	March 2003
ASSETS										
Reserves with MAS	728.2	836.1	812.7	871.8	401.7	357.5	368.5	286.1	252.8	250.0
Deposits with banks and other financial institutions	2,333.6	2,666.1	2,165.9	1,904.2	2,721.8	2,729.7	1,664.5	1,241.9	1,345.7	1,285.2
Banks	1,830.9	1,998.3	1,734.1	1,628.1	2,408.1	2,654.4	1,635.2	1,218.0	1,345.7	1,278.0
Other institutions	502.7	667.8	431.8	276.1	313.7	75.4	29.4	23.9	0.0	7.2
Loans and advances	14,708.6	16,251.9	16,762.7	17,900.2	16,779.4	15,636.4	15,790.9	11,983.0	10,815.9	10,561.8
Housing loans	2,314.2	2,637.3	3,221.1	3,721.7	3,821.2	3,500.1	2,768.0	1,884.7	1,547.9	1,476.6
Hire purchase	5,616.1	5,580.2	4,982.4	4,958.8	4,331.6	4,413.3	5,700.1	4,394.8	4,034.4	3,940.0
Lease finance	46.2	20.2	8.7	6.1	2.4	1.4	1.1	0.8	0.3	0.3
Others	6,732.0	8,014.2	8,550.5	9,213.7	8,624.2	7,721.6	7,321.8	5,702.7	5,233.3	5,144.9
Securities and equities	942.9	1,089.8	1,139.4	1,201.6	1,705.2	1,691.5	1,680.4	1,257.0	1,115.8	1,106.0
Other assets	284.5	291.6	308.8	332.8	333.8	327.3	296.7	193.1	192.0	184.0
LIABILITIES										
Capital and reserves	2,202.9	2,621.0	3,014.7	3,268.5	3,371.2	3,408.1	3,164.9	2,425.5	2,111.2	2,150.5
Deposits	13,790.3	15,417.8	15,071.6	15,611.8	15,344.6	14,321.9	13,645.9	10,641.4	9,855.7	9,508.1
Fixed	12,345.5	13,584.6	13,311.8	15,124.9	14,882.9	13,875.5	13,425.4	10,431.4	9,612.0	9,264.5
Savings	320.5	348.8	371.6	392.7	341.7	344.3	194.6	202.4	222.6	235.1
Others	1,124.4	1,484.4	1,388.2	94.2	120.0	102.1	26.0	7.6	21.1	8.6
Borrowings	1,248.1	1,215.0	1,381.9	1,398.0	1,180.4	899.2	998.5	254.3	254.9	241.2
Other liabilities	1,756.4	1,881.7	1,721.2	1,932.2	2,045.6	2,113.2	1,991.8	1,639.9	1,500.5	1,487.2
TOTAL ASSETS/LIABILITIES	18,997.7	21,135.5	21,189.4	22,210.6	21,941.9	20,742.4	19,801.1	14,961.1	13,722.3	13,387.0

E.1 MERCHANT BANKS: CONSOLIDATED ASSETS AND LIABILITIES [1]

S$ Million

End of Period	1994	1995	1996	1997	1998	1999	2000	2001	2002	March 2003
ASSETS										
Amounts due from banks	18,590.9	21,678.6	21,796.7	28,222.0	27,632.0	27,337.8	30,386.1	25,703.8	22,156.6	21,369.8
In Singapore	997.6	715.2	771.9	1,221.3	1,771.2	1,704.7	1,554.7	1,427.1	891.2	880.9
Outside Singapore [2]	17,593.3	20,963.4	21,024.8	27,000.7	25,860.8	25,633.1	28,831.4	24,276.7	21,265.4	20,488.9
Loans and advances to non-bank customers	13,138.8	15,258.2	17,348.9	21,777.5	19,321.2	20,846.5	21,833.8	20,309.8	19,674.8	20,236.8
Securities and equities	10,880.2	10,550.1	11,678.3	14,339.0	9,662.9	6,934.8	6,263.4	9,354.9	9,511.3	10,292.4
Other assets	2,439.4	2,766.3	2,756.7	2,322.8	3,929.2	1,880.5	1,387.9	1,029.9	1,221.6	1,489.3
LIABILITIES										
Capital and reserves	5,704.7	6,089.9	6,646.0	8,193.7	7,597.8	8,008.6	8,296.2	8,094.0	7,742.7	8,013.2
Amounts due to banks	28,668.5	30,543.6	34,571.8	41,111.3	30,363.7	26,501.8	26,943.4	27,617.9	24,858.7	24,961.9
In Singapore	399.0	657.5	481.5	974.2	1,083.2	649.0	671.8	895.1	501.3	500.5
Outside Singapore [2]	28,269.5	29,886.1	34,090.3	40,137.1	29,280.5	25,852.8	26,271.6	26,722.8	24,357.4	24,461.4
Borrowings from non-bank customers	7,453.2	8,779.6	9,030.0	13,814.9	17,751.6	18,914.6	21,587.0	17,861.3	17,729.8	18,019.3
Other liabilities	3,223.0	4,840.0	3,332.9	3,541.2	4,832.3	3,574.6	3,044.7	2,825.2	2,233.1	2,393.9
TOTAL ASSETS/LIABILITIES	45,049.4	50,253.1	53,580.6	66,661.2	60,545.4	56,999.6	59,871.2	56,398.4	52,564.3	53,388.3

1 Data are derived from the consolidation of merchant banks, domestic and Asian dollar operations.
2 Including Asian Currency Units.

E.2 MERCHANT BANKS: ASSETS AND LIABILITIES OF DOMESTIC UNIT OPERATIONS [1]

S$ Million

	1994	1995	1996	1997	1998	1999	2000	2001	2002	March 2003
ASSETS										
Amounts due from banks	4,787.9	5,191.9	5,339.3	6,553.5	6,753.9	6,454.7	5,958.0	5,743.8	5,264.3	5,537.2
In Singapore	994.0	712.3	761.7	1,215.8	1,769.2	1,702.7	1,545.1	1,425.5	881.9	878.0
Outside Singapore [2]	3,793.9	4,479.6	4,577.6	5,337.7	4,984.7	4,752.0	4,412.9	4,318.3	4,382.4	4,659.2
Loans and advances to non-bank customers	1,131.0	1,295.1	1,246.6	1,089.8	834.2	675.8	791.8	801.1	809.0	824.9
Securities and equities	393.1	406.1	494.2	513.2	430.0	449.8	485.1	609.2	477.3	496.1
Other assets	387.6	351.7	416.4	555.8	574.5	319.8	303.8	249.5	219.0	227.8
LIABILITIES										
Capital and reserves	3,739.9	4,036.7	4,104.7	4,889.6	5,254.6	4,874.0	4,802.7	4,734.5	4,517.2	4,721.9
Amounts due to banks	1,376.3	1,509.7	1,720.2	2,046.5	1,855.6	2,053.7	1,677.3	1,659.3	1,529.8	1,525.8
In Singapore	299.2	412.0	297.7	284.6	183.3	411.3	395.5	658.3	501.1	500.5
Outside Singapore [2]	1,077.2	1,097.7	1,422.6	1,761.9	1,672.2	1,642.4	1,281.8	1,001.0	1,028.7	1,025.3
Borrowings from non-bank customers	1,229.4	1,324.9	1,194.3	1,082.0	786.0	516.3	565.5	562.7	336.5	429.8
Other liabilities	353.9	373.5	477.3	694.2	696.5	456.1	493.1	447.1	386.3	408.5
TOTAL ASSETS/LIABILITIES	6,699.6	7,244.8	7,496.5	8,712.3	8,592.6	7,900.1	7,538.6	7,403.6	6,769.7	7,086.0

1 Corporate financial advisory services, underwriting activities and operations in the gold market are not reflected in the data.
2 Including Asian Currency Units.

F.1 INSURANCE INDUSTRY: ASSETS AND PREMIUMS

S$ Million

End of Period	1994	1995	1996	1997	1998	1999	2000	2001	2002	March 2003
TOTAL ASSETS OF INSURANCE INDUSTRY (END PERIOD)	7,026.1	20,451.3	24,622.6	28,165.9	31,378.1	38,858.7	45,409.8	59,696.7	66,789.0	N.A
Direct Insurers	14,537.4	17,599.3	21,516.2	24,628.1	27,823.4	34,918.8	41,058.8	54,710.3	61,537.0	N.A
Professional Reinsurers	1,649.8	1,969.3	2,222.0	2,581.0	2,710.7	3,081.2	3,504.3	4,208.7	4,361.4	N.A
Captive Insurers	838.9	882.7	884.4	956.8	844.0	858.7	846.7	777.7	890.5	N.A
GENERAL BUSINESS: GROSS PREMIUMS										
Total General Business	2,609.5	2,716.1	2,793.8	2,914.9	2,670.9	2,752.6	3,269.6	3,821.2	4,756.4	1,190.1
Domestic Business	1,397.2	1,544.7	1,616.4	1,645.4	1,527.9	1,479.2	1,622.2	1,800.5	2,230.9	643.5
Offshore Business	1,212.3	1,171.4	1,177.4	1,269.5	1,143.0	1,273.4	1,647.4	2,020.7	2,525.5	546.6
LIFE BUSINESS: PREMIUMS										
Premiums in Force (End Period)	2,547.8	3,016.0	3,538.0	4,202.5	4,468.6	4,680.5	5,071.6	5,221.9	5,417.9	5,219.4
New Business Premiums										
Annual Premium Policies	578.3	584.5	656.7	837.1	540.5	552.6	705.6	455.1	686.7	116.8
Single Premium Policies										
Life Insurance	509.9	551.5	699.5	1,288.1	529.3	1,785.1	3,337.7	8,961.6	5,948.3	823.0
Annuity	60.5	74.5	104.2	120.8	103.7	174.3	266.2	450.2	602.6	152.1

G.1 NON-BANK FINANCIAL INSTITUTIONS: CENTRAL PROVIDENT FUND BOARD

S$ Million

	1994	1995	1996	1997	1998	1999	2000	2001	2002	1st Quarter 2003**
EXCESS OF CONTRIBUTIONS OVER WITHDRAWALS (DURING PERIOD)	3,977.6	6,270.0	4,078.3	4,398.3	2,370.5	14.7	-478.4	-566.5	1,304.1	1,450.1
Members' Contributions	11,278.5	13,536.1	14,623.0	15,873.8	15,999.8	12,826.6	14,092.8	18,322.3	16,165.7	4,593.4
Withdrawals*	7,300.9	7,266.1	10,544.7	11,475.5	13,629.3	12,811.9	14,571.2	18,888.8	14,861.6	3,143.3
Approved Housing Schemes [1]	3,500.4	4,590.7	5,058.4	5,786.7	7,834.7	9,528.4	8,655.1	8,262.5	8,208.2	1,937.6
Under Section 15 [2]	1,372.9	1,450.0	1,633.0	1,548.2	1,847.0	1,671.1	1,679.9	2,226.1	2,026.8	589.4
Medical Schemes [3]	335.2	360.0	389.5	420.8	441.0	444.9	518.1	531.6	763.2	131.4
Others	2,092.4	865.4	3,463.8	3,719.8	3,506.6	1,167.5	3,718.1	7,868.6	3,863.4	484.9
INTEREST CREDITED TO MEMBERS' BALANCES (DURING PERIOD)	1,337.3	2,116.2	2,452.8	2,692.6	3,248.9	3,105.3	2,379.8	2,489.5	2,897.3	765.2
ADVANCED DEPOSITS WITH MAS (DURING PERIOD) [4]	4,617.3	8,184.6	8,075.9	6,337.8	5,967.5	3,576.7	577.7	1,648.9	3,544.9	2,099.3
INTEREST EARNINGS FROM INVESTMENTS (DURING PERIOD)	1,397.4	2,198.7	2,596.6	2,853.0	3,479.6	3,309.8	2,537.8	2,662.4	3,054.9	790.8
HOLDINGS OF GOVERNMENT SECURITIES (END PERIOD) [5]	43,620.0	45,120.0	51,620.0	57,120.0	59,620.0	62,620.0	60,620.0	89,410.3	94,444.1	96,916.4
MEMBERS' BALANCES (END PERIOD)	57,649.2	66,035.4	72,566.6	79,657.4	85,276.8	88,396.9	90,298.3	92,221.2	96,422.6	98,637.9

Source: Central Provident Fund Board

* Includes refunds and transfers to Reserve Account.

1 Housing schemes include Public Housing and Residential Properties Schemes.

2 Section 15 of the CPF Act allows withdrawals to be made on any of the following grounds: a) member having reached the age 55 years; b) leaving Singapore and West Malaysia; c) physical incapacity; d) unsound mind; e) death; and f) Malaysian citizen (leaving Singapore).

3 Medical Schemes include Medisave & MediShield Schemes.

4 Deposits placed with MAS during the year excluding: a) interest on bonds & interest on Advance Deposits retained as deposits by MAS; and b) conversion and redemption of Government Bonds.

5 Excludes advance deposits with MAS.

** Provisional

H.1 DOMESTIC CAPITAL MARKET: NET FUNDS RAISED IN THE DOMESTIC CAPITAL MARKET

S$ Million

	1994	1995	1996	1997	1998	1999	2000	2001	2002	1st Quarter 2003
A NET FUNDS RAISED BY GOVERNMENT	5,519.1	10,417.9	10,096.6	6,626.4	11,491.6	8,973.9	8,873.2	12,883.1	7,071.7	3,682.2
1) Gross issue of Government securities [1]	3,750.0	7,200.0	12,150.0	10,460.0	12,800.0	12,430.0	12,100.0	44,990.3	22,433.8	5,972.3
Less:										
Redemption of Government securities	4,100.0	4,000.0	3,998.0	5,008.2	5,438.3	6,549.2	7,636.9	7,080.0	15,080.0	2,200.0
Government holdings of Government securities	-	-	-2.8	-15.2	-0.1	-0.1	0.1	-	-	-
Conversion from accumulated advance deposits	-	3,000.0	8,000.0	7,000.0	5,000.0	5,000.0	0.0	30,790.3	14,033.8	3,972.3
2) New advance deposits	5,869.1	10,217.9	9,941.8	8,159.4	8,829.8	6,093.0	2,910.2	4,238.1	13,216.7	3,882.2
3) Net issues of statutory boards' securities	-	-	-	-	300.0	2,000.0	1,500.0	1,525.0	535.0	-
B NEW CAPITAL RAISED BY THE PRIVATE SECTOR	4,732.7	1,680.1	3,150.6	3,928.0	1,606.1	6,144.7	5,514.8	3,118.2	3,838.0	240.5
1) Public issues of shares	1,399.5	644.7	906.2	1,379.3	411.2	2,019.6	3,393.9	485.7	1,685.4	86.4
2) Rights issues	2,050.0	571.5	1,154.8	1,769.6	822.2	1,325.7	341.2	192.5	1,427.8	6.9
3) Private placements of listed shares	1,283.2	463.9	1,089.6	779.1	372.7	2,799.4	1,779.7	2,440.0	724.8	147.2
C ISSUES OF DEBT SECURITIES	2,926.9	3,766.6	2,309.5	6,680.0	3,897.0	9,265.0	14,531.7	20,407.2	18,161.4	3,696.5
1) Listed bonds, debentures and loan stocks [2]	643.9	1,695.0	589.5	1,168.1	721.4	6,067.1	8,727.4	11,814.2	7,737.9	1,564.4
2) Unlisted bonds	1,808.0	1,784.6	1,620.0	5,511.9	3,013.6	2,955.4	5,754.3	8,443.0	10,296.7*	2,112.1
3) Revolving underwriting facilities/ Note issuance facilities	445.0	280.0	-	-	-	92.5	-	-	-	-
4) Negotiable certificates of deposits [3]	30.0	7.0	100.0	-	162.0	150.0	50.0	150.0	126.8	20.0
TOTAL NET FUNDS RAISED (A+B+C)	13,178.7	15,864.6	15,556.7	17,234.4	16,994.7	24,383.6	28,919.7	36,408.5	29,071.1	7,619.2

1 Government securities, excluding treasury bills.
2 Singapore dollar-denominated bonds listed on the Singapore Exchange (SGX).
3 Refers only to S$ reserve-free NCDs issued during the year.
* This includes bond that are not listed on the SGX but listed on other exchanges.

I.1 ASIAN DOLLAR MARKET: ASSETS AND LIABILITIES

US$ Million

End of Period	1994	1995	1996	1997	1998	1999	2000	2001	2002	March 2003
ASSETS										
Loans to non-bank customers	145,822.5	173,264.7	180,505.5	173,286.3	131,712.7	110,593.9	89,446.0	79,324.2	77,906.3	78,591.0
Interbank funds	234,338.5	258,769.8	278,743.1	330,685.5	330,193.3	318,776.6	338,488.2	329,818.7	344,925.0	333,876.5
In Singapore	17,106.7	18,591.6	22,357.2	29,846.3	25,930.5	26,781.7	31,221.6	33,054.5	35,599.0	35,599.9
Inter-ACU	36,356.6	39,669.5	40,236.8	48,882.9	40,696.6	34,698.2	31,512.8	30,916.8	31,415.4	27,481.5
Outside Singapore	180,875.2	200,508.7	216,149.1	251,956.3	263,566.2	257,296.7	275,753.8	265,847.4	277,910.6	270,795.1
NCDs held	3,917.7	6,450.4	7,952.7	5,837.0	3,378.7	3,777.6	3,226.6	3,012.2	3,059.6	2,952.9
Other assets	32,266.7	39,747.8	39,668.8	47,384.7	38,325.2	47,251.3	55,291.9	59,234.1	65,675.2	69,114.5
LIABILITIES										
Deposits of non-bank customers	65,787.8	80,603.6	95,373.8	113,683.4	113,077.0	121,319.5	124,651.5	122,472.3	126,151.6	127,817.4
Interbank funds	333,537.8	376,106.5	389,469.6	414,526.2	365,479.4	326,542.7	321,650.1	316,068.2	329,848.0	322,152.9
In Singapore	22,676.3	25,133.5	25,257.4	32,271.9	20,742.4	28,200.3	27,975.8	31,670.1	37,361.1	39,540.9
Inter-ACU	36,354.3	39,670.2	40,243.3	48,905.3	40,694.4	34,701.6	31,517.0	30,926.4	31,394.8	27,582.9
Outside Singapore	274,507.2	311,302.8	323,968.9	333,349.0	304,042.6	263,640.8	262,157.3	253,471.7	261,092.1	255,029.1
NCDs issued	797.2	1,737.5	2,229.5	2,198.1	1,571.6	1,148.1	594.1	636.6	1,500.9	1,331.7
Other liabilities	16,222.6	19,785.2	19,797.3	26,785.9	23,481.7	31,389.3	39,556.9	32,212.3	34,065.5	33,232.7
TOTAL ASSETS/LIABILITIES	416,345.4	478,232.9	506,870.2	557,193.5	503,609.9	480,399.4	486,452.7	471,389.3	491,566.0	484,534.8

I.2 ASIAN DOLLAR MARKET: MATURITY CLASSIFICATION OF ASSETS AND LIABILITIES

US$ Million

End of Period	1994	1995	1996	1997	1998	1999	2000	2001	2002	March 2003
ASSETS										
Up to 7 days	75,774.0	89,709.1	102,544.6	131,356.6	117,190.0	87,481.1	106,221.8	120,064.0	119,555.4	119,206.6
Over 7 days to 1 month	76,180.8	84,731.7	88,029.3	106,318.6	100,885.7	131,322.7	101,957.4	84,324.9	99,308.7	89,242.4
Over 1 to 3 months	105,446.9	116,031.0	116,119.3	115,402.8	110,067.7	103,024.8	105,939.5	92,348.7	92,647.6	83,923.4
Over 3 to 12 months	81,102.7	102,093.3	112,104.8	112,918.7	95,641.1	82,454.4	97,000.8	88,571.6	87,766.8	97,434.5
More than 1 year	77,841.1	85,667.7	88,072.1	91,196.8	79,825.4	76,116.4	75,333.2	86,080.0	92,287.5	94,727.9
LIABILITIES										
Up to 7 days	110,093.2	123,729.0	147,901.2	165,240.8	159,112.1	103,457.6	161,792.0	161,777.2	158,719.5	175,816.1
Over 7 days to 1 month	104,555.7	129,946.3	136,728.0	150,252.5	141,014.5	190,966.4	137,522.2	127,783.4	146,462.4	125,589.6
Over 1 to 3 months	118,392.3	129,254.7	138,149.5	136,103.3	116,857.3	113,707.3	100,017.9	95,920.8	97,930.8	87,218.0
Over 3 to 12 months	71,221.4	81,408.7	65,738.6	87,882.6	68,630.9	51,287.2	63,510.5	65,443.3	64,734.1	68,940.6
More than 1 year	12,082.8	13,894.2	18,352.9	17,714.3	17,995.0	20,980.9	23,610.0	20,464.5	23,719.2	26,970.4
TOTAL ASSETS/LIABILITIES	416,345.4	478,232.9	506,870.2	557,193.5	503,609.9	480,399.4	486,452.7	471,389.3	491,566.0	484,534.8

I.3 ASIAN DOLLAR MARKET: MATURITY TRANSFORMATION BY ASIAN CURRENCY UNITS

US$ Billion

End of Period	1994	1995	1996	1997	1998	1999	2000	2001	2002	March 2003
NET POSITION										
Up to 3 months	-75.6	-92.4	-116.1	-98.5	-88.9	-86.3	-85.2	-88.8	-91.6	-96.2
3 months to 1 year	9.9	20.7	46.4	25.0	27.0	31.2	33.5	23.2	23.1	28.5
More than 1 year	65.7	71.8	69.7	73.5	61.8	55.1	51.7	65.6	68.6	67.7
CLAIMS										
Up to 3 months	257.4	290.5	306.7	353.1	328.1	321.8	314.1	296.7	311.5	292.4
3 months to 1 year	81.1	102.1	112.1	112.9	95.6	82.5	97.0	88.6	87.8	97.4
More than 1 year	77.8	85.7	88.1	91.2	79.8	76.1	75.3	86.1	92.3	94.7
LIABILITIES										
Up to 3 months	333.0	382.9	422.8	451.6	417.0	408.1	399.3	385.5	403.1	388.6
3 months to 1 year	71.2	81.4	65.7	87.9	68.6	51.3	63.5	65.4	64.7	68.9
More than 1 year	12.1	13.9	18.4	17.7	18.0	21.0	23.6	20.5	23.7	27.0

GLOSSARY

ABS	Association of Banks in Singapore
ADM	Asian Dollar Market
APEC	Asia Pacific Economic Co-operation
APG	Asia Pacific Group on Money Laundering
ASEAN	Association of South-east Asian Nations
ASX	Australian Stock Exchange
ATM	Automated Teller Machine
AUM	Assets Under Management
BCCS	Board of Commissioners of Currency, Singapore
BCM	Business Continuity Management
BCP	Business Continuity Plan
BIS	Bank for International Settlements
CCDG	Council on Corporate Disclosure and Governance
CIS	Collective Investment Schemes
CLS	Continuous Linked Settlement
CEO	Chief Executive Officer
CPF	Central Provident Fund
CPI	Consumer Price Index
DBS Bank	Development Bank of Singapore Ltd
DI	Deposit Insurance
EFTPOS	Electronic Funds Transfer at Point of Sale
ERC	Economic Review Committee
FAA	Financial Advisers Act
FATF	Financial Action Task Force
FSAP	Financial Sector Assessment Programme
FTA	Free Trade Agreement
FX	Foreign Exchange
GDP	Gross Domestic Product
GIA	General Insurance Association of Singapore
GNI	Gross National Income
GST	Goods and Services Tax
HSBC	The HongKong and Shanghai Banking Corporation Limited
IAP	International Advisory Panel
IDRO	Insurance Disputes Resolution Organisation
IMF	International Monetary Fund
IMF-STI	IMF-Singapore Regional Training Institute
LIA	Life Insurance Association of Singapore
MAS	Monetary Authority of Singapore
MEPS	MAS Electronic Payment System
MLA	Minimum Liquid Assets
MSCI	Morgan Stanley Capital International
NCD	Negotiable Certificate of Deposit
NTUC	National Trade Union Congress
OCBC	Oversea-Chinese Banking Corporation Ltd
OPERA	Offers and Prospectuses Electronic Repository and Access
POSB	Post Office Savings Bank
REIT	Real Estate Investment Trust
SAAR	Seasonally Adjusted Annual Rate
SARS	Severe Acute Respiratory Syndrome
SDR	Special Drawing Rights
SEACEN	South-east Asian Central Banks

SESDAQ	SGX's second board which provides an alternative avenue for small and medium-sized companies to raise funds for their business expansion.
SFA	Securities and Futures Act
SGS	Singapore Government Securities
SGX	Singapore Exchange
SGX-ST	SGX-Securities Trading
SGX-DT	SGX-Derivatives Trading
SIBOR	Singapore Interbank Offered Rate
S$NEER	Singapore Dollar Nominal Effective Exchange Rate
UN	United Nations
UOB	United Overseas Bank

ABOUT MAS

Prior to 1970, the various monetary functions associated with a central bank were performed by several government departments and agencies. As Singapore progressed, an increasingly complex banking and monetary environment necessitated the streamlining of these functions. In 1970, Parliament passed the Monetary Authority of Singapore (MAS) Act, leading to the formation of MAS on 1 January 1971.

MAS was entrusted with the role of managing Singapore's exchange rate and monetary policies, supervision of the financial sector as well as the development of Singapore as an international financial centre. Following its merger with the Board of Commissioners of Currency, Singapore on 1 October 2002, the MAS has also assumed the function of currency issuance.

Monetary Authority of Singapore

“ To stay ahead in uncertain times, we must continuously innovate and adapt to changing conditions. MAS will monitor market developments closely, consult actively with industry, and refine and update our regulatory and supervisory framework to maintain and enhance Singapore’s position as a resilient, competitive, and dynamic international financial centre.”

Lee Hsien Loong
Deputy Prime Minister & Chairman of MAS

MAS Monetary Authority of Singapore

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