London

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The model of the common law financial centre

London is the centre on which Singapore was modelled, in law and in institutions. The colonial courts applied English law, the exchange banks had their head offices in the City and the currency board of the Straits Settlements held its reserves in sterling, as Chapter B.I shows. After independence, Singapore's leaders studied London as the example of a financial centre that had prospered through openness to foreign banks, through a trusted legal system and through the use of English. The Monetary Authority of Singapore, founded on 1 January 1971, took up its supervisory work in a banking system whose law and market practice were largely of English origin, as Chapter C.V explains.[1]

London's modern form dates from the reforms of 27 October 1986, known as the Big Bang, which abolished fixed commissions, ended the separation between stockjobbers and stockbrokers and moved trading from the floor to screens.[2] The reforms opened the City to foreign banks and turned it into the leading international market for foreign exchange, international bonds and derivatives. Singapore's own liberalisation after 1998, which Chapter D.IV describes, followed the same logic of opening a protected domestic sector to foreign competition.

Foreign exchange and the depth of markets

The clearest measure of London's lead is the foreign exchange market. In the Triennial Central Bank Survey of the Bank for International Settlements for April 2025, global turnover reached US$9.6 trillion a day. The United Kingdom accounted for about 38 per cent of trading by location of sales desk and the United States for about 19 per cent. Singapore followed with 11.8 per cent and Hong Kong with 7.0 per cent.[3] Singapore is therefore the largest foreign exchange centre in Asia and the third in the world, a position it has built since the Asian dollar market and the time-zone argument of the 1960s. London remains three times larger.

The same disproportion holds for equity markets, insurance and the international bond market. London's stock exchange regained its position as the largest in Europe by market value in 2024 and 2025, despite concerns about listings moving to New York.[4] Singapore competes with London in particular segments: Asian foreign exchange, wealth management for Asian clients, commodity trading and the regional headquarters of international firms.

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Brexit and its consequences

The withdrawal of the United Kingdom from the European Union changed London's position. After the referendum of 23 June 2016, the country left the Union on 31 January 2020. The transition period ended on 31 December 2020.[5] Having lost the European passport for financial services, London saw part of its business move to Dublin, Frankfurt, Paris, Amsterdam and Luxembourg. For Singapore, the consequences were indirect. When the United Kingdom sought new partners outside Europe, Singapore was among the first.

On 30 June 2021, at their sixth Financial Dialogue, the two governments agreed a UK–Singapore Financial Partnership, underpinned by a memorandum of understanding on regulatory cooperation, with green finance and financial technology named as fields for future work.[6] The partnership illustrates a recurring pattern. Singapore competes with London for business in Asia while it cooperates with London on standards, supervision and market access. Both have an interest in keeping English law, common law courts and the English language at the centre of international finance.

London as a legal centre

London also competes with Singapore as a centre of law. English law governs a large share of international commercial and financial contracts, from loan agreements and bond issues to derivatives documentation and commodity sale contracts. The London Court of International Arbitration and the Commercial Court in London have long been the forums of choice for disputes between parties from different jurisdictions. Singapore has built its own offer in this field since the 1990s, with the Singapore International Arbitration Centre, the Singapore International Commercial Court and the Singapore Convention on Mediation, which Chapters F.II and F.III describe.

The competition is real but limited. Singapore law is itself a common law system rooted in English law, whose courts cite English decisions as persuasive authority, as Chapter J.III shows. Parties who choose Singapore as their seat of arbitration often keep English law as the governing law of their contract. The two centres therefore share a legal culture whose spread benefits both, while they compete for the hearings, the lawyers and the fees that disputes generate.

Taxation of wealthy residents

The most direct contest between London and Singapore in recent years has concerned wealthy individuals. The United Kingdom abolished the remittance basis of taxation for non-domiciled residents from 6 April 2025 and replaced it with a residence-based regime for foreign income and gains and for inheritance tax.[7] The projection of a net outflow of 16,500 millionaires from the United Kingdom in 2025, cited above, reflects the reaction of part of this population. Some of those who left chose Dubai, Milan or Switzerland. Others chose Singapore, where personal income tax is progressive with a top rate of 24 per cent[8] and where there is no tax on capital gains or inheritance.[9]

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Notes

1. Wikipedia, “Monetary Authority of Singapore” (accessed November 2026): MAS was “founded on 1 January 1971”.
2. Wikipedia, “Big Bang (financial markets)” (accessed November 2026): rules changed on “27 October 1986”; abolition of “fixed commission charges”, end of the single-capacity separation between jobbers and brokers, move to “screen-based electronic trading”.
3. Bank for International Settlements, Triennial Central Bank Survey, “OTC foreign exchange turnover in April 2025” (bis.org, accessed November 2026): global turnover $9.6 trillion per day; shares by sales desk location: United Kingdom “approximately 38%”, United States “approximately 19%”, Singapore “11.8%”, Hong Kong “7.0%”; the top four locations “intermediated three quarters of total FX trading”.
4. Wikipedia, “London Stock Exchange” (accessed November 2026): “the LSE regained its position as Europe’s largest stock market by total market value in 2024 and 2025”.
5. Wikipedia, “Brexit” (accessed November 2026): referendum on 23 June 2016; the UK left the EU at the end of 31 January 2020; the transition period ended on 31 December 2020.
6. HM Treasury, “UK-Singapore Financial Partnership” (gov.uk, accessed November 2026): agreed on 30 June 2021 at the 6th Annual Financial Dialogue between Rishi Sunak and Tharman Shanmugaratnam; “underpinned by a Regulatory Cooperation Memorandum of Understanding”; wider collaboration “on Green Finance and FinTech”.
7. Abolition of the remittance basis for non-UK domiciled individuals from 6 April 2025, with a four-year regime for foreign income and gains for new arrivals and a residence-based test for inheritance tax; HM Revenue & Customs and HM Treasury, “Abolition of the non-UK domiciled status from 6 April 2025” (gov.uk).
8. Inland Revenue Authority of Singapore, “Individual Income Tax rates” (iras.gov.sg, accessed November 2026): “The current highest personal income tax rate is at 24%”, applicable from the year of assessment 2024.
9. On the absence of capital gains tax and of estate duty in Singapore (estate duty abolished for deaths on or after 15 February 2008), see IRAS (iras.gov.sg).

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