Method

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Scenarios as a discipline

Scenario planning grew out of military strategy. Herman Kahn introduced it in his work for the United States military at the RAND Corporation in the 1950s and adopted the term "scenarios" for the stories about the future that he and his colleagues constructed.[1] The method entered business through Royal Dutch Shell, where Pierre Wack began to use scenarios to guide strategy in 1971. The confusion that followed the oil shock of 1973, which Shell's planners had prepared their managers to think about, gave the approach its reputation.[2] Peter Schwartz later set out the method for a general audience in *The Art of the Long View*, which appeared in 1991.[3]

A scenario differs from a forecast in its purpose. A forecast assigns a single expected value to an uncertain future. A scenario describes one of several plausible futures, each internally consistent, so that a decision can be tested against all of them. Scenario analysis does not attempt to present one exact picture of the future and does not rest on the extrapolation of past trends.[4] Its value lies in the conversation that it provokes. Managers who have rehearsed several futures recognise the signs of one of them earlier and respond faster when it arrives.

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Foresight in the Singapore state

Few governments have institutionalised this method as thoroughly as Singapore's. The country's futures work began as an experiment in the Ministry of Defence in the late 1980s. In 1995 the government set up a Scenario Planning Office in the Prime Minister's Office, renamed the Strategic Policy Office in 2003. The Centre for Strategic Futures was established within it in 2009 as a futures think tank and became part of the new Strategy Group in the Prime Minister's Office on 1 July 2015.[5] Its mission is to position the government to navigate emerging strategic challenges and to communicate insights about future trends to decision-makers.[6]

The practice matters more than the precise dates. The habit of thinking in alternatives, which Part C traced to the strategy of survival after 1965, runs through the institutions that built the financial centre: the Economic Development Board, the Monetary Authority of Singapore and the state investors described in Part D. A scenario chapter on Singapore therefore applies to the financial centre a method that its own government has used for three decades.

The starting point in 2026

The four scenarios start from a position of strength. Total assets under management in Singapore rose by 10.1 per cent to S$6.7 trillion at the end of 2025, with net inflows of S$376 billion, an increase of 29 per cent on the previous year. Seventy-six per cent of the funds came from outside Singapore and about 88 per cent were invested outside it. The number of licensed fund management companies stood at 1,320, while 1,406 variable capital companies had been incorporated or re-domiciled by the end of the year.[7] The financial sector grew by 4.3 per cent in 2025, after 6.8 per cent in 2024, and by an average of 4.6 per cent a year over the period 2021 to 2025.[8] That average lay within the range of 4 to 5 per cent that the Financial Services Industry Transformation Map 2025 had projected in September 2022.[9]

In foreign exchange, average daily turnover in Singapore rose by 60 per cent between April 2022 and April 2025 to US$1.485 trillion. Its share of the global market increased from 9.5 to 11.8 per cent, which confirmed Singapore as the third-

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largest foreign exchange centre after the United Kingdom and the United States.[10] Hong Kong, in fourth place, recorded US$883.1 billion.[11] More than 2,000 single family offices received tax incentives under sections 13O and 13U of the Income Tax Act at the end of December 2025, managing money mostly for families from the Asia-Pacific region, followed by Europe and the Americas.[12]

The ranking surveys tell a similar story with a qualification. In the fortieth edition of the Global Financial Centres Index, published in September 2026, Singapore ranked fourth with 755 points, one point behind Hong Kong and two behind London, while New York led with 761.[13] The margins are so narrow that the order of the leading Asian centres can change from one edition to the next. In private wealth, the Boston Consulting Group estimated that cross-border wealth rose worldwide by 8.4 per cent to US$15.7 trillion in 2025. Hong Kong, at US$2.9 trillion, overtook Switzerland for the first time, while Singapore strengthened its position as Asia's most diversified offshore wealth centre.[14]

Six variables and two axes

The analysis of this book suggests six variables on which the future of the centre depends. The first is the geography of wealth, which is shifting towards Asia, the Gulf and the emerging markets. The second is geopolitics, above all the relationship between the United States and China examined in the preceding chapter. The third is technology, from tokenised assets and new settlement infrastructure to artificial intelligence. The fourth is integrity, the capacity of the centre to keep criminal and sanctioned money out. The fifth is the competitiveness of regulation, taxation and markets, measured against Hong Kong, Dubai, London and the Swiss centres. The sixth is human and physical capacity: talent, housing, energy and the tolerance of Singapore society for a large foreign workforce and a visible wealthy class.

The variables interact. A fragmented world economy changes the geography of wealth. A major integrity failure would change regulation within months. For the construction of scenarios, two of the variables carry the most weight because they are the least controllable from Singapore and have the largest effects. The first is the openness of the world economy, ranging from an integrated system of trade and

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capital flows to a world divided into blocs. The second is trust in the centre, which ranges from intact to damaged. Technology cuts across both axes, since it can reinforce or erode the role of any intermediary.

The four scenarios do not form a perfect matrix. The Asian hub consolidated assumes an open world and intact trust, whereas fragmentation assumes a divided world with intact trust. Digital disruption assumes that technology changes the rules of intermediation whatever the state of world politics. The integrity crisis assumes that trust is damaged, in an open or a divided world. Each scenario is presented at its clearest, although the reality of 2035 will combine features of several.

Common misconception

Scenarios are sometimes read as a ranking from the best to the worst outcome, with the reader expected to hope for the first and fear the last. The method serves a different purpose. Since each scenario contains opportunities and threats, the most useful decisions are those that perform acceptably in all of them. A firm that prepares only for the base case is exposed to the other three, while a firm that has rehearsed all four can recognise which one is unfolding.

Notes

1. Wikipedia, "Scenario planning" (accessed November 2026): Kahn introduced scenario planning through his RAND Corporation work for the US military in the 1950s and "adopted the term 'scenarios' to describe these stories"; Gaston Berger developed similar methods in France at the same time. ↩
2. Wikipedia, "Scenario planning" (accessed November 2026): scenario forecasting "was started by Pierre Wack in 1971 at the Royal Dutch Shell group of companies" and its development "was given impetus by the Oil Shock two years later". ↩
3. Wikipedia, "Scenario planning" (accessed November 2026), references: Peter Schwartz, *The Art of the Long View*, Doubleday/Currency, 1991, cited for Shell's

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planning process. Schwartz's own role at Shell is not covered by this source and is therefore not stated in the text. ↩

4. Wikipedia, "Scenario planning" (accessed November 2026): scenario analysis "does not try to show one exact picture of the future"; all aspects of scenarios "should be plausible". ↩
5. Centre for Strategic Futures, "Who We Are", csf.gov.sg (accessed November 2026): futures planning began "as an experiment in the Ministry of Defence in the late 1980s"; "In 1995, the Government set up the Scenario Planning Office in the Prime Minister's Office"; renamed the Strategic Policy Office in 2003; CSF established in 2009; "On 1 July 2015, CSF became part of the new Strategy Group in the Prime Minister's Office". ↩
6. Ibid.: "CSF's mission is to position the Singapore government to navigate emerging strategic challenges" and to harness opportunities. ↩
7. Tan Nai Lun, "Singapore AUM up 10.1% at S$6.7t as MAS eyes competitiveness push", *Business Times*, 29 July 2026, reporting the MAS Annual Report 2025/2026 and the Singapore Asset Management Survey 2025: AUM S$6.7 trillion at end-2025; net inflows S$376 billion, up 29 per cent; 76 per cent sourced from outside Singapore; about 88 per cent invested outside; 1,320 licensed fund management companies; 1,406 VCCs with 3,443 sub-funds. ↩
8. Ibid.: the financial sector grew 4.3 per cent in 2025, slower than 6.8 per cent in 2024, against an average of 4.6 per cent annual growth over 2021–2025. ↩
9. MAS, media release "MAS Launches Financial Services Industry Transformation Map 2025", 15 September 2022: the financial sector projected to "grow by an average 4% to 5% per annum during 2021 – 2025" and to "create 3,000 – 4,000 net jobs on average each year". ↩
10. MAS, media release "Singapore Strengthens Position as Third Largest Global FX Centre", 1 October 2025: average daily FX turnover of US$1.485 trillion in April 2025, up 60 per cent from April 2022; global share 11.8 per cent, up

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from 9.5 per cent; OTC interest rate derivatives turnover about US$208 billion a day. ↩

11. HKMA, press release "Results of 2025 BIS Triennial Survey of Foreign Exchange and OTC Derivatives Markets Turnover", 30 September 2025: Hong Kong's average daily FX turnover was US$883.1 billion in April 2025, up 27.2 per cent from April 2022, and Hong Kong "remained the fourth largest global foreign exchange centre". ↩

12. MAS, written parliamentary reply by Gan Kim Yong, Deputy Prime Minister and Chairman of MAS, to Dr Neo Kok Beng, 5 August 2026: "As of end December 2025, more than 2,000 Single Family Offices (SFOs) receive tax incentives" under sections 13O and 13U of the Income Tax Act. ↩

13. Z/Yen and China Development Institute, *The Global Financial Centres Index 40*, September 2026 (longfinance.net, report dated 16 September 2026), ranking table: New York 1st (761), London 2nd (757), Hong Kong 3rd (756), Singapore 4th (755), Geneva 12th (747); text: "Hong Kong and Singapore only one and two points below London"; Wikipedia, "Global Financial Centres Index" (accessed November 2026), table for GFCI 40 (September 2026): New York 761, London 757, Hong Kong 756, Singapore 755, Shanghai 754, Tokyo 753, Seoul 752, Shenzhen 751, Dubai 750, Zurich 749, San Francisco 748, Geneva 747; the edition rated 117 centres using 39,531 assessments from 6,147 professionals; Long Finance, "Global Financial Centres Index" (longfinance.net, accessed November 2026): GFCI 40 published on 16 September 2026. ↩

14. Boston Consulting Group, press release of 27 May 2026, "Hong Kong Surpasses Switzerland as the World's Largest Cross-Border Wealth Hub" (bcg.com): global cross-border wealth up 8.4 per cent to US$15.7 trillion; Hong Kong up 10.7 per cent to US$2.9 trillion; Singapore "continued to strengthen its position as Asia's most diversified offshore wealth center". ↩

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