The Founding of the Monetary Authority of Singapore: practical consequences

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Dealing with an integrated regulator

For institutions and their advisers, the founding design of the Authority has lasting consequences. A single regulator supervises banks, insurers, capital markets intermediaries, fund managers, financial advisers and payment service providers, while also conducting monetary policy and managing the reserves. Information gathered in one function informs the others, so that a weakness found in a bank's private banking arm may shape the Authority's view of the same group's fund management or insurance business. An institution that holds several licences deals with one authority, whose view of the institution as a whole determines the intensity of supervision.

The Authority's tradition of strict admission remains visible in its licensing practice. Applicants are assessed on the standing of their parent group, the reputation of their shareholders and managers and the quality of their home supervision. The history of BCCI explains why the Authority places weight on the home regulator and on the transparency of group structures. Applicants from jurisdictions with weak supervision, or with opaque ownership, should expect close questioning.

Checklist for institutions entering Singapore

- Present the parent group, its shareholders and its home supervisor fully and early, since the Authority has historically refused entry where it could not assess the group behind an applicant.
- Expect the intensity of supervision to depend on the impact and risk assessment of the institution, and prepare the board and senior management to own the risk oversight that the Authority expects of them.
- Treat reputation as a supervisory matter: the Act gives a sound financial centre priority over its growth, so business that could damage the standing of Singapore carries regulatory risk beyond its legal form.
- Follow the quarterly monetary policy statements, because the slope, width and centre of the S$NEER policy band drive Singapore dollar interest rates and the value of Singapore dollar assets.
- Take account of the remaining rules on lending Singapore dollars to non-resident financial institutions, which survive from the non-internationalisation policy in MAS Notice 757 and are examined in Part D.[1]

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- Plan for supervision across sectors: a group holding banking, capital markets and insurance licences faces one integrated regulator, which compares its conduct across all of them.

Notes

1. Monetary Authority of Singapore, Notice 757, "Lending of Singapore Dollar to Non-Resident Financial Institutions" (mas.gov.sg, accessed November 2026), last revised 28 June 2021 with effect from 1 July 2021: rules for banks extending Singapore dollar credit to, or arranging Singapore dollar equity or bond issues for, non-resident financial institutions, with monthly returns to MAS.

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