The Founding of the Monetary Authority of Singapore: summary

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Before 1971 the functions of a central bank in Singapore were scattered across a currency board and several departments, an arrangement that Goh Keng Swee called "an untidy system of units" and that the sterling devaluation of 1967 showed to be inadequate. The Monetary Authority of Singapore Act 1970 created an authority that began work on 1 January 1971 with every central banking function except the note issue, which remained with the Board of Commissioners of Currency established in 1967 to secure confidence in the new Singapore dollar. The Authority absorbed insurance supervision in 1977 and securities supervision in 1984 to become an integrated regulator long before the model spread abroad, while its merger with the currency board on 1 October 2002 made it a central bank in the full sense. From 1981 it conducted monetary policy through the management of a trade-weighted exchange rate within an undisclosed policy band, protected for decades by a policy of discouraging the international use of the Singapore dollar and announced since 2024 in quarterly statements. Its supervision moved from strict admission and rigorous enforcement, symbolised by the refusal of BCCI, to risk-focused supervision after 1997, while the Act now gives the soundness and reputation of the financial centre priority over its growth.

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