



Speech by Mr Lim Chow Kiat, CEO of GIC Pte Ltd, at Opening of WMI, 7 Dec 17

Minister for Finance, Mr Heng Swee Keat,

Pro-Chancellors,

Esteemed colleagues,

Distinguished guests,

Ladies and Gentlemen,

Welcome to the launch of the opening of WMI@NTU.

WMI History and Mission

In 2003, GIC and Temasek collaborated in setting up WMI. You just heard from my former boss, Mr Ng Kok Song on how he and Temasek CEO Mdm Ho Ching saw the need to develop and expand the then small pool of talent in wealth management. Much has been said about the role of GIC and Temasek in this endeavour, I would like to take this opportunity to thank MAS for their foresight in positioning Singapore well to serve the fast growing wealth management market in Asia back in the early 2000s. In addition, MAS showed strong and clear leadership in bringing the financial industry together to build a strong pipeline of talent. I understand Minister Heng himself, who was then Managing Director of MAS, played a pivotal role in these efforts. He was a big supporter of initiatives launched by WMI as well as other corporate academies established to train and develop asset management professionals. Minister Heng, on behalf of everyone in this room, thank you!

I took over the role of WMI Chairman from Kok Song in July this year. Many of you here are very familiar with him, you know as well as I do I have big shoes to fill. From Kok Song I learnt the importance of the

greater good. So look around this room, and you see supposed competitors collaborating closely. This is a real inspiration for us. This effort is by the industry and for the industry.

Purpose of Wealth Management Education

Ladies and gentlemen, fundamentally, the purpose of wealth management education is to raise the trust quotient of the industry. Wealth managers and advisors are fiduciaries. To do their job well and enjoy the trust of their clients, wealth professionals must have these two qualities:

First, they must be competent. This goes beyond the expertise in the particular financial products they select for their clients. They must have a good understanding of their clients' overall needs and circumstances so as to tailor the advice and actions accordingly. This requires rigorous training. This also requires continuous education and importantly, adapting to the usage of increasingly sophisticated technologies.

Second, they must act in the best interest of their clients. Because of the inherent complexity and uncertainty in this business, wealth management is highly susceptible to agency problems. Conflicts can arise due to asymmetric incentives, information and time horizons. Wealth managers must guard against those conflicts and act with the highest ethical standard.

WMI's goal is to help train more professionals to attain these competency and ethical standards. And we are even more well-placed now with WMI being part of the NTU family. Our vision is to be a leader in Asia's wealth management education and research as we leverage the University's worldclass infrastructure and faculty, cutting edge research and degree programmes. I am pleased to note that we accelerated our coverage over the last two years, doubling our alumni to almost 15,000 finance professionals. We launched several new programmes including the Anti-Money Laundering Risk Management programme to combat financial crimes and to reinforce Singapore's reputation as a trusted financial centre of the highest standard. As Mee Har shared, our team has its work cut out in the next 12-18 months. Over a longer term, we should expand our reach more significantly into the Asian region and

beyond. We want to cover more investor education and family offices. We should build a distinct reputation for research and insights to address global issues, especially those which are distinctly Asian.

Industry Prospects

Our wealth professionals can look forward to a bright future, underpinned by three important drivers:

First, the prospects of strong economic and consequently wealth growth in this region. Between China, India and South East Asia in this emerging Asia region, we will very likely see rapid expansion of economies. The International Monetary Fund (IMF) estimates that emerging Asia will lead global growth, with an average growth rate of 6.4% per annum for the next five years. According to Boston Consulting Group, the value of asset under professional management grew by 7% in 2016 to US\$69.1 trillion globally, with Emerging Asia (AUM US\$6.6 trillion) and Latin America (AUM US\$1.5 trillion) taking the lead at 16% and 14% respectively. China, in fact, grew by 21% and significantly with the bulk of the growth due to inflows rather than higher market levels. The themes playing out in these markets are the rising middle class, infrastructure and power, and financial services. Such long-term growth stories will drive very strong demand for quality wealth management services.

Second, Singapore is a highly reputable financial centre and has a vibrant and leading international fund management centre. MAS, in its annual asset management survey, saw Singapore's AUM in 2016 grow by 7% to US\$1.9 trillion (S\$2.7 trillion), supported by sustained net fund inflows and broad-based improvements in market valuations. In line with global trends, alternative sector AUM, comprising hedge funds, venture capital (VC), private equity (PE) and real estate grew by 17%. With Singapore's stability, strong legal environment, efficient infrastructure, availability of skills and connectivity with other parts of the world, we will continue to be a preferred location and jurisdiction for confidence-sensitive wealth management activities.

Finally, technology holds great promise for the future. Artificial intelligence, Blockchain and Cloud computing - the "A-B-C" of new technologies, and other alphabet soup technologies are impacting all

industries, including the wealth management industry. There is hype but there is transformation too. As Roy Amara, American futurist had put it, “We tend to overestimate the effect of a technology in the short run and underestimate the effect in the long run”. We have to be prepared. Wealth professionals need to embrace technology and harness the full potential of man plus machine. This is another advantage of WMI immersing in a technological university.

Conclusion

In conclusion, with a quality education that emphasizes trust building, namely competency and ethics, WMI can help our professionals, their clients and their employers deal effectively with the challenges of wealth management. We can then take advantage of the expansion of Asian economies, the strength of Singapore as a leading financial centre and the promises of technology. As Dr Goh Keng Swee, who conceived the idea of GIC, said many years ago: “There is no real secret about the way in which most nations and individuals grow rich. They must save a good part of their income, wisely and profitably invested. The more you save and the more wisely you invest, the faster you get rich.” May you be wise, and profitable.

Thank you.