

Singapore still weighing up Islamic finance

Much can be said about Singapore when it comes to the world stage. Despite being a tiny country surrounded by resource-rich countries, the little red dot remains at the forefront in almost every aspect of business and finance. With rising uncertainty over the global economy as well as tensions in the geopolitical arena, it is no surprise that affluent families and wealth managers are looking at Singapore as a haven. In March 2023, Farro Capital amassed SG\$1.35 billion (US\$998.08 million) in assets under management (AuM) despite only being launched for four months. MUHAMMAD RIDHWAAN and USTAZ AMINUDDIN ABU BAKAR delve further.



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But attracting wealth is not the only thing on the agenda; Singapore is also working on sustainable efforts while increasing collaboration with other countries, most notably in Africa.

Here are some highlights from Singapore from January 2023 to the end of June 2023:

Sustainability

- Singapore appointed its first chief sustainability officer, a coordinator across local government ministries, agencies and companies to reach its 2030 Green Plan and eventually achieve net-zero emission by 2050.
- The Monetary Authority of Singapore (MAS) launched consultations to manage the phasing out of coal-fired power plants in the local taxonomy.
- As part of an initiative to strengthen access to climate transition-related data of Singapore-listed companies, MAS and the Singapore Exchange will link ESGenome, their digital platform that allows listed companies to disclose their ESG information to the Climate Data Steering Committee's Net Zero Data Public Utility, a global repository of climate transition-related data.

Central bank

- MAS became the most significant single buyer of gold in Q1 2023 after adding 69 tons of gold to its reserves. The current gold reserves

in Singapore amount to 222 tons, a 45% increase from the end of 2022.

- Singapore gradually replaced the swap offer rate, also known as SOR, with the Singapore Overnight Rate Average with 60% higher transactions in May 2023 than June last year. This follows policymakers' trend to introduce a new gauge over the London Inter-Bank Offered Rate or LIBOR.

Singapore globally

- Deputy Prime Minister Lawrence Wong met Chinese Premier Li Qiang in May, exchanging views on how both could enhance cooperation and people-to-people exchanges.
- Singapore's prime minister encouraged Singaporean companies to explore the opportunity and potential in Africa, mentioning the continent as "young and dynamic" with multiple business opportunities.
- Singapore and Australia have set aside AU\$20 million (US\$13.31 million) to encourage co-innovation between SMEs from both countries, especially in green products and services.

Wealth management

- From 2017 to 2021, AuM of non-retail individual clients grew by SG\$470 billion (US\$347.48 billion) based on MAS's annual survey. Single-family offices accounted for SG\$90 billion (US\$66.54 billion) of these assets, roughly 2% of the SG\$5.4 trillion (US\$3.99 trillion) in assets managed in Singapore.

Politics in Singapore

- The Singaporean government will have a new president come this September as the outgoing president, Halimah Jacob, steps down after serving for six years. During her term, she approved the government's request to tap into its reserves

amounting to SG\$52 billion (US\$38.44 billion) between FY 2020 and FY 2022.

Islamic finance in Singapore

- The first Rizq Symposium was held in Singapore gathering finance professionals and multiple organizations to discuss relevant Islamic finance and wealth management.
- The Regional Shariah Scholars' Dialogue (Muzakarah Cendekiawan Shariah Nusantara) was held in Singapore after nearly a decade since the event was held in the Lion City. This year's theme touched on both fintech and sustainability.

Maybank

- Speaking at the Maybank Invest Asean Press Conference 2023, Group President and CEO Khairussaleh Ramli mentioned that Maybank would be investing RM4.5 billion (US\$963.59 million) for five years to increase capability developments, especially in technology and talent (Source: Berita Harian)

ZaynFi

- In January 2023, ZaynFi raised a US\$600,000 pre-seed round led by renowned early-stage investors 500 Global and Islamic Finance Guru UK's Cur8 Capital to build an ecosystem of Shariah compliant decentralised finance (DeFi) products for the global Muslim market. ZaynFi is co-founded by former Wahed & Fasset executives Syakir Hashim and Aziz Zainuddin. Through their prior roles, they have deep experience in the global Islamic fintech space, digital assets and DeFi. ZaynFi received Amanie Advisors's Shariah compliant certification on its stablecoin yield generation platform in May 2023. Following this, ZaynFi launched its private beta product at the end of May 2023 to a select group of early users.

CGS-CIMB

- Committed to offering more Shariah investment solutions to clients following the successful launch of iCash, the first Shariah compliant trading account in Singapore.

Kapital Boost

- Kapital Boost launched its Android app in early 2023 and is gearing up to launch its iOS app in the coming weeks. The company continues to prioritize improving and innovating its P2P platform, focusing on providing users with a seamless experience and increased opportunities for SME investment and social-giving.

Prudential

- Prudential recently launched the PRULink Islamic Global Equity Index Fund, an investment-linked policy with the underlying fund, the HSBC Global Islamic Equity Index Fund.

CIMB Bank, Singapore Branch

- CIMB Singapore offers Singapore's first Shariah compliant Green Renovation-i financing for the purpose of home renovation. To qualify for the Green Renovation-i financing, customers just need to fulfill five out of the 14 requirements in the Green Renovation checklist.
- CIMB Singapore also offers its customers a Shariah compliant Green Trade Financing facility which allows clients to use this financing product to finance their purchase of Shariah compliant goods on an open account or advance payment basis. This facility is based on the Shariah principle of commodity Murabahah.

While developments in the local Islamic finance space can be said to be organic as compared with other countries in the region where governments play an integral role, work is still in progress to develop more Islamic financial products, particularly in the areas of:

- Insurance
- Credit cards
- Home mortgage, and
- Investments.

It is the local Islamic finance players' hope that the local government can do more to push the Islamic finance narrative in Singapore for the future. ⁽²⁾

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