Why The World's Favourite Asian Treasury Centre is About to Get Even Better

Today's treasurers have to keep up with seemingly endless change. 2015 alone saw 50,000 amends to regulations around the globe. Combine this with constantly evolving ways of doing business, the impact of growth and mergers, the need to integrate your activities across the organisation as well as with external obligations and partners and you have a seriously complicated job on your hands.

With so much on their plates, it's no wonder that Singapore's latest financial budget, released in March, came as such a breath of fresh air to treasurers and CFOs operating across the region.

Why? Because Finance Minister, Heng Swee Keat's, new budget provides a whole range of new perks and tax breaks for companies looking to set up a Regional Treasury Centre (RTC) to run their treasury activities out of Singapore.

Heng has done this in three ways.

First, there's the National Trade Platform. Until now, corporates in Singapore, including exporters, importers and logistics specialists, have had to run their trading activities through the TradeNet and TradeXchange, subscribing to a number of different systems in the process. These aren't integrated, and they demand a ton of data-entry steps that have to be repeated over and over again, duplicating effort and diminishing productivity. Plus, error rates tend to be high.

The great news is that this is now being replaced with a single, $100 million, one-stop trade information system, run on an open platform. It's designed to clean up and speed up treasury functions, facilitating investment and innovation along the way.

Secondly, there are new savings for RTCs. The concessionary tax rate for qualifying RTCs is dropping from 10% to a highly competitive 8% – outdoing even Hong Kong's recent moves to make the island the most attractive centre for RTCs in the region.

And thirdly, there is a huge and targeted drive towards making Singapore the next great FinTech capital of the world. A swathe of new approaches are being rolled out to encourage and facilitate innovation and development in the FinTech sector, meaning there will should soon be more great tools and tech to improve treasury functions than ever before.

This matters because, no matter how great the financial conditions of the country you're operating in, modern treasuries just cannot compete and flourish without the right technology to support them. By making such an overt link between traditional carrots like tax breaks and easily navigable regulatory systems and the need for high-performing tech that works in tandem with these changes, Singapore is showing once again why it's the best placed country in Asia to set up an RTC.

This is all the more important at a time when many corporate finance professionals are just starting to recognise the role that top technology and integrated financial systems play in driving forward productivity and growth. As Lenovo Treasurer Damian Glendinning points out, this has been a weak area for treasurers in the past, and any country that wants to take the mantle of global RTC hub needs to be prepared to take a leadership role in shaping the industry.

> *"In many respects, the financial community in general, and corporate treasuries in particular, have been slow to adopt modern technologies, with the result that today a lot of repetitive and unnecessary work continues to be carried out, when all the information is available in electronic systems – but systems which all too often do not talk to each other. Trade financing is an excellent example of this kind of problem: it is refreshing and encouraging to see a country which is tackling the problem head on, and pushing the market players to join forces in a way they apparently have not be able to do under their own impetus."*
>
> *Damian Glendinning, Lenovo*

Not that Singapore's leadership on this front was ever really in doubt. International corporations have long recognised Singapore as one of the best places to run treasury in Asia. Leading conglomerates that have adopted this approach, like Johnson & Johnson, Lenovo and Thomson Reuters, talk about the "well-developed infrastructure", "deep talent pool" and easy access both to experts across the entire finance spectrum and to a wealth of service providers

and technology specialists who know treasury inside out (read more).

Plus, of course, it's a mature and eminently stable economy that's nestled conveniently between economic giants like China and Japan, on the doorstep of emerging Southeast Asian markets, and with strong historical and cultural links with the UK and India. Regional FinTech companies are better placed to understand the specific challenges, risks and opportunities that come with operating across Asia, but which are unfamiliar to their competitors in places like Europe or North America. This includes, for example, the need for adequate insurance against earthquakes within the "ring of fire", and the need for comprehensive, flexible and responsive tools for handling FX risk and managing funds in RMB and INR currencies.

Or, as Glendinning sums it up:

> *"The authorities in Singapore have consistently demonstrated a willingness to understand what all players in the financial community need to be able to work efficiently, and a desire to be at the forefront of progress. The country's small size and close knit financial community greatly facilitate this process, and contribute to creating an environment it is difficult to match."*

But while Singapore continues to lead the way, other hubs with similar capabilities, including Hong Kong and Shanghai, have been hot on its heels. The country's been looking for compelling ways to secure its position at the head of the pack – and with these new measures, it looks like it's found them.

Want to learn more about how the right treasury technology can help you take advantage of these new changes and opportunities? Give us a call today!