

English translation of Speech by NMP Thomas Chua, President of the Singapore Chinese Chamber of Commerce & Industry

Financial Advisers (Amendment) Bill

Madam Speaker, firstly I would like to declare that I am the President of the Singapore Chinese Chamber of Commerce & Industry. After thoroughly understanding the Financial Advisers (Amendment) Bill by the Monetary Authority of Singapore, I am very pleased with three positive areas.

The first is establishing Non-sales KPIs by the financial institutions, enabling their financial advisers to concentrate on the customers' actual needs, and improving on service quality, rather than aggressively promoting products and services to achieve sales KPIs with no concern for professional ethics. Secondly, it is to put in stringent measures to regulate the types of business that financial advisers can engage in with other entity, in order to avoid any conflicts which may arise from the products they represent and their financial advisory services. Thirdly, it is to work with stakeholders to establish a specialised web portal to list life insurance products offered by different life insurance companies. This would enable the consumers to make an easy comparison without requiring the need for financial advisers.

These three fundamental amendments could reduce the tendency for financial advisers to aggressively push their financial products to clients in order to chalk up individual KPI and increase their income, and facilitate building up a pool of consumers with clearer mindset for self-help services. These improvements are good learning points by other government agencies.

This over-zealous promotion also exists in the application for government assistance schemes. As many local SMEs are unfamiliar with the preparation of documents and

filling in application forms, they tend to outsource the work to consultants to help them with the application for government assistance schemes. Last year, 44,000 SMEs applied for the Productivity and Innovation Credit Scheme (PIC), representing a 21% increase over the 2011 figures. Such good results must be attributed to the efforts of consultants.

However, some unscrupulous consultants who are keen to clinch a business deal may not care to understand the companies' actual needs; instead, their approach is to promote the products and services aggressively and persuade the client to apply for the government assistance scheme. Let me cite two actual cases, which are in fact failures. At the end of last year, a shop owner was persuaded by a consultant to sign an agreement to let the consultant design a Facebook page for market expansion, and spent a grand total of \$15,000! Why did it cost \$15,000? Apparently, \$15,000 is the overall cap for the PIC Bonus. This happened to be the "special package" designed by the consultant to help enterprises "get money" from the government. Some consultants even give enterprises a "rebate". The clueless SME boss was made to buy a cheap product at a high price, much to his chagrin.

Another gentleman, Mr Koh, fell into the same trap when he encountered an unscrupulous consultant. Last year, he appointed a consultant to help him buy a Customer Relationship Management (CRM) software, to store customer data, and record performance of his sales people. The consultant also charged \$15,000, inclusive of the service fee and purchase of hardware and software. However, Mr Koh discovered that this system was incompatible, and he had no choice but to revert to using Excel to manage the customer database. Due to work requirements, he is still looking for a suitable system, and I hope he could find the right product soon.

In reality, SMEs could approach the SME Centres to help them apply for government assistance schemes. Government agencies have already streamlined their procedures, and the process is not all that complicated. SMEs can actually put in more effort to understand the process and apply for a suitable scheme on their own. Just like the

specialised web portal to be launched by the Monetary Authority of Singapore, government assistance schemes from different government agencies can be found in the EnterpriseOne portal. However, the EnterpriseOne portal lists much detailed content on government assistance schemes, including the programmes of many government agencies. SMEs would need more time to digest all the information and select schemes deemed more applicable. Since the government mooted the productivity drive, some of the most well-received schemes and which have the highest take-up rate have been frequently featured in the media. SMEs can take note of these news reports, and decide on which schemes would suit them best.

How does one avoid abusing government policy? I believe we could borrow the concept from the Monetary Authority of Singapore, and get to the source by finding out what has caused this problem in the first place. Other government agencies should study the factors that have given rise to unscrupulous consultants and spurred the abuse of government policy.

Every year, newspaper reports tell us that “the government has set aside an amount of budget to support enterprises embarking on certain programmes.” Many programmes would be reported in this manner: “The following scheme benefited x number of enterprises, and the total funds utilised were X dollars.” From observing such news reporting, I wonder if the assistance of government agencies in helping enterprises upgrade is focused on the monetary value. In time to come, business advisers are inclined to be money-conscious, enterprises will be money-conscious, and eventually everyone would concentrate on the monetary value per se.

Upgrading of enterprises requires financial support, just as patients need blood transfusion. However, blood transfusion is not a permanent solution. Successful enterprises have to learn how to produce their own blood. Similarly, besides supporting enterprises financially, the government could also consider other measures. Today, the Monetary Authority of Singapore has proposed establishing Non-sales KPIs, and I believe



this would steer the financial advisers away from merely focusing on the monetary value.

I hope other government agencies could also employ this measure.

In closing, I support the Financial Advisers (Amendment) Bill.