
15 November 2017**DIRECTORATE FOR FINANCIAL AND ENTERPRISE AFFAIRS
COMPETITION COMMITTEE****Working Party No. 2 on Competition and Regulation****Co-operation between Competition Agencies and Regulators in the Financial Sector
- Note by Singapore****4 December 2017**

This document reproduces a written contribution from Singapore submitted for Item 3 of the 64th meeting of the Working Part No. 2 on Competition and Regulation on 4 December 2017.
More documents related to this discussion can be found at:
www.oecd.org/daf/competition/cooperation-between-competition-agencies-and-regulators-in-the-financial-sector.htm

Please contact Mr Chris PIKE if you have any questions about this document
[Email: Chris.Pike@oecd.org]

JT03422996

Singapore

1. Introduction

1. The Competition Commission of Singapore (“CCS”) welcomes the opportunity to share its experience with the OECD’s Working Party No. 2 on Competition and Regulation, on the roundtable topic of “10 years on from the Financial Crisis: Co-operation between Competition Agencies and Regulators in the Financial Sector”.

2. CCS is Singapore’s national competition authority and is an independent statutory body with the mandate of administering and enforcing the Competition Act (Cap. 50B) (the “Act”). Beyond its enforcement regime, CCS also works with government agencies, including the financial regulator, to raise awareness regarding competition issues and advise on competition-related matters.

3. This paper discusses the scope, structure and strategy of CCS’s cooperation with the financial regulator in Singapore on competition and regulatory issues.

2. About the Singapore financial regulator

4. The financial regulator in Singapore is the Monetary Authority of Singapore (“MAS”). MAS is an integrated supervisor overseeing all financial institutions in Singapore – banks, insurers, capital market intermediaries, financial advisors and the stock exchange. With its mandate to foster a sound and progressive financial services sector in Singapore, MAS also helps shape Singapore’s financial sector by promoting a strong corporate governance framework and close adherence to international accounting standards. In addition, it spearheads retail investor education. MAS ensures that Singapore’s financial industry remains vibrant, dynamic and competitive by working closely with other government agencies and financial institutions to develop and promote Singapore as a regional and international financial centre.¹

3. Scope of cooperation

5. The cooperation between CCS and MAS has grown in scope over time. The following sections set out the state of cooperation in various areas of CCS’s work.

3.1. Cooperation in the area of Competition Advices

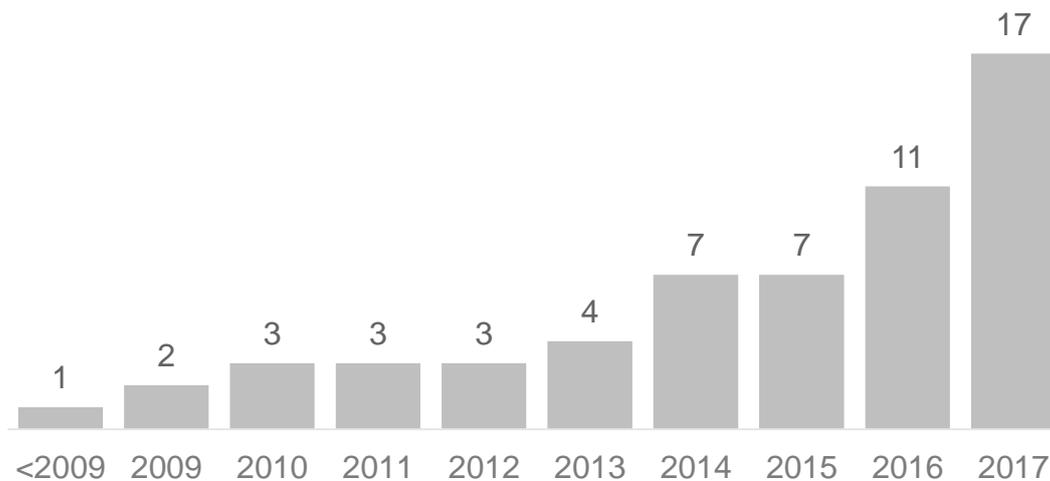
6. It is CCS’s statutory duty to advise government agencies on national needs and policies in respect of competition matters. In this regard, CCS works closely with other government agencies, including MAS, to gain a better understanding of the markets they

¹ MAS is also Singapore’s central bank. In this regard, MAS promotes sustained, non-inflationary economic growth through appropriate monetary policy formulation and close macroeconomic surveillance of emerging trends and potential vulnerabilities. It manages Singapore’s exchange rate, foreign reserves and liquidity in the banking sector.

regulate, and to provide advice on competition issues covering a wide range of activities within these markets.

7. Over the years, CCS had advised MAS on an increasing number of issues with regard to the financial sectors in Singapore. [Figure 1](#) shows the number of advices issued by CCS to MAS. The strongest growth is observed in 2016 and 2017 when CCS issued a total of 10 advices to MAS, which is more than the total of 7 advices that have been issued by CCS to MAS before that.

Figure 1. Number of advices issued by CCS to MAS, cumulative, by year



Source: CCS

8. The advices issued by CCS to MAS cover a wide range of financial industries and subject matters. To illustrate, the 10 advices issued in 2016 and 2017 cover 7 different financial industries, including banking, insurance and financial markets. The advices also relate to different subject matters, ranging from the competition impact of various MAS's initiatives, to whether certain market conduct would raise competition concern.

9. One example of such an advice is in relation to the Financial Advisory Industry Review ("FAIR"), which is aimed at raising standards of practice in the financial advisory industry and improving efficiency in the distribution of life insurance and investment products in Singapore.

10. In April 2014, MAS consulted the CCS on various initiatives that MAS has proposed under FAIR. Taking into consideration the characteristics of the financial advisory industry and the objectives of FAIR, CCS undertook a competition impact assessment in relation to the initiatives that MAS consulted CCS on. CCS then put forth several recommendations aimed at maintaining and enhancing competitive conduct in the market. The recommendations were eventually incorporated by MAS in the final FAIR initiatives.

11. In 2015, the MAS consulted CCS further on policy proposals in relation to several operational aspects of the Balanced Scorecard ("BSC") Framework. The BSC framework, which came into legal effect on 1 January 2016, is an initiative introduced by MAS under the FAIR which seeks to align the interests of financial advisory representatives and supervisors with those of their customers so as to promote a culture of fair dealing. Taking into consideration the characteristics of the financial advisory

industry and the objectives of the BSC Framework, CCS undertook a competition impact assessment that considered how each proposal would affect competition in the market. CCS provided several recommendations to MAS regarding the BSC Framework to maintain and enhance competitive conduct in the market, which MAS took into consideration.

12. In 2017, MAS established the Payments Council, which brought together both the providers and users of payment services in Singapore. It will encourage collaboration within the payments industry, promote interoperability among e-payments solutions, develop strategies to drive the pervasive adoption of e-payments, and advise and make recommendations to MAS on payments related policies. During MAS's public consultation phase in 2016, CCS provided its comments from a competition perspective regarding the proposed establishment of a National Payments Council. In response, MAS has provided feedback that CCS's comments were useful for its consideration and it will be adopting or implementing CCS's suggestions. Through advices and participation in the relevant work groups, CCS continues to support MAS in its effort to realise the vision of an e-payments society in Singapore.

3.2. Cooperation in the area of Market Studies

13. Besides providing advice on competition matters to other government agencies, CCS also proactively conducts in-depth market studies to better understand the structure and dynamics of the markets, and to identify areas where competition can be improved to benefit both consumers and businesses.

14. In this respect, CCS has worked with MAS to study the motor insurance market in Singapore. In July 2014, CCS concluded its market study regarding the provision of motor insurance products for private and commercial motor vehicles in Singapore. The objective of the study was for CCS to understand the state of competition within the market, review existing industry agreements and practices, and assess the potential effects on competition. CCS worked closely with the MAS to analyse the information provided by the motor insurance providers and their association. CCS reviewed the information and determined that the motor insurance market is generally competitive. In addition, CCS discussed with MAS on the possible ways to safeguard and enhance competition in the market.

3.3. Cooperation in the area of enforcement

15. CCS has also worked closely with MAS on matters related to the enforcement of the Act in the financial sector.

16. In 2016, CCS issued an Infringement Decision against ten financial advisers in Singapore, who were found to have infringed the Act by engaging in an anti-competitive agreement to pressure one of their competitors to withdraw its offer of a 50% commission rebate on competing life insurance products on its website. In the course of the investigation, MAS was helpful in providing information regarding regulations that apply to the activities concerned.

17. In the area of mergers, an example is the proposed acquisition by Prudential plc of AIA Group Limited, which was notified to CCS in 2010. In this regard, CCS has obtained information from MAS such as with respect to the potential application of regulations to the activity of concerns. For certain mergers that were subject to MAS's approval and

thus outside CCS's jurisdiction (e.g. acquisition of BCS, the automated clearing house operator by NETS in 2017), CCS also provided inputs on the competition issues for MAS's consideration.

3.4. Cooperation in other areas

18. In August 2017, CCS published its research to understand the data landscape in Singapore, and explore the implications of the proliferation of data analytics and data sharing on competition policy and law, personal data protection regulation and intellectual property law in Singapore. As part of the research, CCS consulted MAS to seek its views regarding regulations and the level of adoption of data analytics in the banking and insurance sectors. Through the engagement, CCS found that MAS champions the use of data analytics in the financial sector to position itself and the sector for the digital economy of the future. CCS also found that MAS encourages innovation within the financial technology landscape through a "regulatory sandbox" where promising innovations can be tested within a well-defined experimental space.

19. Another example is CCS's consultation of MAS with regard to CCS's review of the Competition Impact Assessment Toolkit ("**Competition Toolkit**") to help public officers better understand competition concepts and the Act in Singapore, as well as to provide materials for public officers to self-assess whether their proposed policies and initiatives are likely to raise competition concerns. In the process of developing the Competition Toolkit, besides reviewing international practices and materials issued by overseas jurisdictions, CCS also sought perspectives from over 20 government agencies, including MAS, on how such a Competition Toolkit would be used in their work so as to ensure that it would be relevant to real applications in local and overseas context.

4. Structure for cooperation

20. The cooperation between CCS and MAS is supported by various platforms.

21. One such platform is the Community of Practice for Competition and Economic Regulations ("**COPCOMER**"). Established in 2013, the COPCOMER is an inter-agency platform for CCS, sectoral competition regulators and other government agencies to share best practices and experiences on competition and regulatory matters. Through this exchange, COPCOMER seeks to encourage the adoption of effective regulatory and competition policies based on local experiences and international best practices. CCS facilitates regular activities for COPCOMER which include: (i) an annual Regulators' Lunch or Tea that brings together high-level representatives to discuss about latest or emerging competition and regulatory issues facing Singapore; (ii) half-day seminars for sharing of experiences on trending competition and regulatory issues happening in Singapore; (iii) regular newsletters which are circulated to raise awareness on key competition and regulatory developments overseas; and (iv) specialised trainings to equip officers with technical knowledge and skillsets to undertake the analysis and policy assessment of competition or regulatory issues. MAS is one of the government agencies which has supported and participated at COPCOMER events.

22. Cross-training opportunities is another such platform. In 2017, CCS sent a senior staff to work in MAS for an extended period of time for exposure to issues in the financial sector. Such opportunities help the staff from each agency better understand and appreciate the competition and regulatory perspectives of the other.

23. The close cooperation between CCS and MAS is also reflected at the highest level of CCS's organisational structure. Since CCS's formation in 2006, CCS's board comprising of the Chairman and Commission Members has always included a member from MAS.

5. Strategy of cooperation

24. In engaging MAS, CCS took reference to its "3P" advocacy strategy – to be proactive, purposeful and practical.

25. First "P" – Proactive. Being proactive means that CCS actively monitors industry developments which may have an impact on competition in financial markets. This allows CCS to keep abreast of the competition issues facing the various financial sectors, and react in a timely manner to any issues that MAS may require advice on. In this regard, besides keeping up to date with the latest news and industry reports, a valuable source of information comes from feedback or complaints from the public, as well as the ongoing dialogue with MAS on the latest industry developments through COPCOMER or other channels.

26. Second "P" – Purposeful. Being purposeful means being clear about the desired pro-competitive outcome arising from our advocacy effort and devising the right strategy to achieve those outcomes. This requires CCS to tap on the industry expertise of MAS, to ask the right questions and to collect the required information for CCS to conduct the competition assessment and provide the necessary inputs to MAS.

27. Third "P" – Practical. Being practical means to have a clear objective, to build a compelling argument that pro-competitive policies bring the most benefit in the long run, and to do so quickly so that MAS had sufficient time to take CCS's inputs into consideration when reviewing initiatives or regulations. In this regard, CCS treats every engagement with MAS as an invaluable opportunity to highlight the benefit of competition in the context of the industry in question, so that MAS will then be able to weigh CCS's advice on competition issues against any other relevant considerations in the process of formulating its initiative or policy position.

6. Conclusion

28. With this paper, CCS has sought to provide an overview on the scope, structure and strategy of its cooperation with MAS. In summary, the cooperation between CCS and MAS has grown in scope over time, and this growth is supported by various platforms and the '3P' advocacy strategy that are in place. CCS continues to work closely with MAS to ensure a vibrant, dynamic and competitive financial industry in Singapore.