



**REPORT OF THE VISIT BY THE RT HON THE LORD MAYOR OF LONDON
(ALDERMAN CHARLES BOWMAN) TO SINGAPORE AND INDONESIA
5-10 MAY 2018**

BACKGROUND

1. The Lord Mayor (LM) visited Singapore and Indonesia on 5-10 May 2018. He was accompanied throughout by Sherry Madera (Special Advisor for Asia); Alderman Peter Estlin also joined LM in Singapore.
2. The visit focused on the UK-ASEAN relationship with special attention to collaboration with Cyber and Fintech in Singapore and to support with Green Finance and Infrastructure in Indonesia.

SUMMARY

3. LM met key stakeholders in government, industry and regulatory authorities, including the Singaporean Deputy Prime Minister (Tharman Sanmugaratnam), the Monetary Authority of Singapore, Temasek (one of Singapore's two Sovereign Wealth Funds), the Indonesian Stock Exchange, the Indonesian Minister of Finance (Sri Mulyani) and the Central Bank of Indonesia (full programme in Appendix A).
4. Discussions in Singapore frequently returned to the similarities of business approach and culture with the UK and the lack of market barriers. Although Singapore is a competitor for the City of London, areas of collaboration for mutual benefit were identified in fintech, cybersecurity and digital skills.
5. Indonesia presents huge opportunities for the City of London and the UK in a number of areas, particularly infrastructure financing and investment and green finance. Interlocutors frequently commented on the lack of awareness that the UK has regarding the Indonesian market and that there is work to be done to increase profile of Indonesia here.
6. Interlocutors in both Singapore and Indonesia were interested in Brexit. Singaporeans felt sadness about the UK's departure from the EU but were open about the benefits that it could bring them. Indonesia did not have a strong feeling regarding Brexit but hoped that it could result in greater trade opportunities with the UK.
7. As both Singapore and Indonesia are members of ASEAN, with Singapore currently holding the chairmanship, many discussions covered issues affecting the ASEAN community more broadly, and how the City of London could work in partnership throughout the region. Equally, the City of London's Asia Next Decade programme was broadly supported with the UK being seen as an increasingly important partner.

DETAIL – SINGAPORE

8. Much of the visit was focused on Singapore's strengths in **fintech**. Singapore has an ambition to become a Smart Nation and financial services play a crucial role in this. Singapore's vibrant fintech ecosystem, regulatory framework and focus on innovation make it both a competitor and collaborator for London as a fintech hub. However, several interlocutors acknowledged that the UK is the fintech hub for Europe and Singapore is the fintech hub for Asia, so collaboration between the UK and Singapore is essential. Singapore's fintech industry is a leader in payments, ICOs and blockchain.
9. There are numerous opportunities for the UK and Singapore to collaborate in fintech, and LM discussed the UK-Singapore **Fintech Bridge** at many meetings, including a roundtable organised by Aviva's Digital Garage. It was generally agreed that the Bridge, the UK's first, was broadly focused on cooperation and that more could be done to increase two-way flow of business. It was suggested that Singaporean fintechs are more focused on entering the Indonesian market given its proximity and size, and that the Singapore-UK fintech bridge would need to ensure that market entry to the UK was straightforward enough to make it attractive.
10. **Cybersecurity** is a fundamental cross-border issue on which the UK and Singapore can collaborate to mutual benefit. Concerns around cybersecurity were raised in several meetings during LM's visit and was the focus of a roundtable hosted by Lloyds Bank. Singapore is at the forefront of thought leadership on cyber in the Asia Pacific region but there is a sense that much more needs to be done to protect economies, business and individuals. Increased awareness and competence through **education** was key, especially at board level, as well as a standards framework that was agile and pragmatic.
11. The importance of building a population with high levels of **Digital Skills** in order to continue the growth in technology and innovation was a key theme throughout the visit. Deputy Prime Minister Tharman spoke about SkillsFuture Singapore, a government agency that he founded and that is coordinating efforts to ensure Singapore remains at the forefront of the digital revolution. DPM suggested that a meeting with SkillsFuture Singapore should take high priority on a future mayoral visit.
12. DPM Tharman showed interested in the City of London's **Green Finance** initiative and saw benefit in Singapore and the City of London collaborating on the development of infrastructure as an investment class, as well as the possibility of 'greening' the Belt and Road Initiative (BRI).
13. LM's **Business of Trust** programme was received with interest and approval. LM's stance that the fourth revolution is not just digital but is actually 'digital + values' was widely accepted, as was the role that professional institutions need to play in rebuilding public trust.

DETAIL – INDONESIA

14. Indonesia is the largest country in ASEAN and accounts for 40% of ASEAN's population and economy. Its economic importance and potential was repeatedly stressed by interlocutors, whose perception was that the UK remains fundamentally unaware of the opportunities.
15. President Joko Widodo has set an ambitious **infrastructure** development plan, and its success will be a key factor in the 2019 elections. However, there is a funding gap of \$163bn to deliver the plan (and a broader infrastructure gap across Asia estimated internationally at \$1.5 trillion). Unsurprisingly much of LM's visit focused on this gap and how the City of London, as a leader in

sustainable infrastructure support and finance, could assist. PINA (an agency under BAPPENAS, the Ministry for National Development Planning, with responsibility for coordinating private investment for infrastructure projects) also highlighted the need to develop local capital markets to fund infrastructure projects.

16. **Insurance** is currently very undeveloped in Indonesia with market penetration of approximately 7% so there is much potential for growth in this area, especially with a growing middle class. The Finance Minister suggested that the UK could assist in developing market growth.
17. Indonesia has a very digitally-savvy population and is likely to become the largest digital market in SE Asia by 2020. Driven by a very young population, social media use is extremely high but **fintech** is still in its infancy. Given its large population and geography as well as low levels of financial inclusion, there are huge opportunities for growth. However, mobile payments have not made significant impact yet and the regulatory regime (including the need for face-to-face verification) has meant that fintech firms have struggled to enter the market.
18. The 19 **Komodo Bonds** listed on the London Stock Exchange, which have raised approximately £13bn, were frequently discussed as a major success story. Both the Deputy Governor of Bank Indonesia and the Finance Minister said that the issuance of further Komodo Bonds was in the pipeline and they were eager to engage further with the London Stock Exchange.
19. LM suggested that the City of London could offer a showcase to present the opportunities within Indonesia to businesses, focusing on infrastructure investment, insurance and Komodo Bonds. There could also be potential to include an **asset management** forum with Bank Indonesia's London office.
20. LM was also able to emphasise the City of London's expertise as a **green finance** and **Islamic finance** centre in meetings with Bank Mandiri, Bank Indonesia and the Finance Minister. Using green investment to fund infrastructure projects would be a very attractive combination for inward investors.

CONCLUSION

21. As well as delivering immediate public diplomacy and political wins, LM's visit also highlighted the huge opportunity for collaboration in fintech in both Singapore and Indonesia, and the scope for further collaboration in cyber, digital skills education, infrastructure, insurance and green finance.
22. The main conclusion from Indonesia was that much more needs to be done to highlight the vast opportunities for UK business in this important growth market, particularly to support the sustainable infrastructure challenge.

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APPENDIX A

LORD MAYOR'S PROGRAMME

Monday 7 May – Singapore

Briefing meeting with the High Commissioner and team
Meeting with the Monetary Authority of Singapore
Cybersecurity in Financial Services Roundtable
Lunch hosted by Lloyds Asia
Meeting with Deputy Prime Minister Tharman Shanmugaratnam
Meeting with ACCA, Institute of Singapore Chartered Accountants and Singapore Accreditation Council
Media
Fintech Bridge Roundtable

Tuesday 8 May – Singapore / Jakarta

Media
British Chamber of Commerce Breakfast Briefing
Meeting with Enterprise Singapore
Meeting with Temasek
Lunch – Asia Next Decade / ASEAN Advisory Council
Travel to Jakarta
Dinner and Briefing with HMA and FCO/DIT

Wednesday 9 May – Jakarta

Opening the Indonesian Stock Exchange and Green Finance Summit
ICAEW Meeting
Meeting with President Director of Indonesia Stock Exchange
Media
Infrastructure Lunch hosted by PwC
Meeting with the Minister of Finance
Meeting with the Deputy Governor of the Bank of Indonesia
Meeting with the Mandiri Bank
Media
UK Financial Institutions Dinner

Additional meetings attended by Alderman Peter Estlin only (Tuesday 8 May)

Meeting with Centre for Liveable Cities
Meeting with DQ Institute

FOLLOW UP ACTIONS

SINGAPORE

NO.	ACTION	RESPONSIBLE
1	To feed back to DIT that collaboration on cybersecurity and fintech should form part of a future FTA	MH (Fiona Buford)
2	To maintain contact with the Cyber roundtable attendees and seek views on how UK and Singapore can collaborate in this area. Views to then be fed into the 11 Sep 18 Financial Dialogue.	Post (Francesca McKee)
3	To write to Deputy Prime Minister Tharman and invite him to Mansion House for further discussion on sustainable infrastructure, green finance and digital skills next time he is in London	MH (Fiona Buford)
4	At suggestion of Deputy Prime Minister Tharman, to engage with Skills Future Singapore to find out more about their work, and to consider including them in the programme for a future LM's visit	MH (Fiona Buford)
5	To consider accountancy skills and the role of professional bodies such as ACCA, ISCA and SAC in Belt and Road Initiative. Sherry Madera to contact Leong Soo Yee to discuss	EDO (Sherry Madera)
6	To coordinate a list of asks from the Fintech Bridge roundtable attendees that can be included in the Financial Dialogue discussion on 11 Sep 18	Post (Francesca McKee)
7	To arrange a video-link meeting with relevant attendees in Singapore and London to further discuss fintech collaboration	EDO (Alex Green)
8	To introduce Francesca McKee to Charlotte Crosswell of Innovate Finance	EDO (Sherry Madera) / MH (Fiona Buford)
9	Peter Estlin to attend DBS launch on 17 May (18.00-21.00) if diary commitments permit	Peter Estlin
10	To arrange a virtual meeting via video-link with Enterprise Singapore's young leaders and members of Lord Mayor's City No. 2 and Leaders of Tomorrow groups to discuss collaboration	EDO (Alex Green) / MH (Fiona Burford)
11	To connect Enterprise Singapore's delegation travelling to London on 21 May with Chris Pook before they meet the ICAEW	Post (Francesca McKee / Chris Pook)
12	To arrange a meeting with the London office of Enterprise Singapore to discuss ways in which CoLC and Enterprise Singapore can collaborate.	EDO (Alex Green)
13	To arrange a dinner (or similar) to continue discussions on green finance, sustainable infrastructure and fintech with the Temasek London offices	MH (Fiona Burford) / EDO (Alex Green)
14	To connect MAS with future green finance events	EDO (Alex Green)
15	To connect with Lloyd's of London's Singapore office regarding opportunities for insurance in the Indonesian market	EDO (Sherry Madera)

JAKARTA

NO.	ACTION	RESPONSIBLE
16	LM to speak to HMT and DIT regarding opportunities in Jakarta, particularly in insurance, pension market, fintech, infrastructure and green finance.	MH (Fiona Burford)
17	LM to encourage HMT to hold a financial dialogue with Indonesia	MH (Fiona Burford)
18	LM to alert HMT to Indonesia Stock Exchange's interest in engaging in Islamic Finance and ask them to consider involvement in Islamic Finance week in September	MH (Fiona Burford)

19	LM to encourage LSEG to engage more deeply with Indonesia, to tell them about the strong interest in the Elite Programme and to have more senior engagement come to market	MH (Fiona Burford)
20	To invite the Finance Minister to Mansion House when she is next in London	MH (Fiona Burford)
21	To arrange a forum with Asset Managers to showcase the opportunities in Indonesia, in liaison with Bank Indonesia's London office	EDO (Alex Green)
22	Sherry Madera to take list of projects provided by Mandiri Bank to the Green Belt and Road Investor Alliance	EDO (Sherry Madera)
23	To send details of the Islamic Finance conference in September to Mandiri Bank	MH (Fiona Burford)
24	To connect HMA with EDO's fintech lead, Jack Brooks	EDO (Alex Green)
25	To connect IDX with LSEG regarding the Elite programme	EDO (Alex Green)
26	To assist IDX with ESMA principles compliance	EDO (Alex Green)
27	To connect Bank Mandiri with UK banks interested in innovative products for London (relating to Mandiri's interest in cross-border securitisation)	EDO (Alex Green)