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Headline: UK and Singapore Enhance Cooperation in Sustainable Finance and FinTech

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The United Kingdom (UK) and Singapore held the 8th UK-Singapore Financial Dialogue in London. The Dialogue facilitated a useful exchange of views, and identified opportunities for further collaboration on joint projects, in priority areas such as sustainable finance and FinTech and innovation.

Sustainable Finance

Both countries agreed on the urgent need to develop approaches that facilitate and scale financing to support the transition of economies to net zero.

A. Transition Finance:

The UK and Singapore agreed that globally comparable and transparent transition plans that include credible forward-looking information can help reduce fragmentation, scale transition finance, and support sustainability in finance more generally. Both countries recognised the value of increased cooperation on transition plans to mobilise real economy emission reductions. The Monetary Authority of Singapore (MAS) provided updates on Singapore's focus on scaling blended finance and addressing energy transition needs in Asia, MAS' Finance for Net Zero Action Plan (FINZ Action Plan) and initiatives to mobilise green and transition financing to catalyse Asia's net zero transition. The UK provided updates on the Transition Plan Taskforce's (TPT) work to finalise its disclosure framework and the TPT's international engagement with governments and regulators on the international applicability of the framework alongside the International Sustainability Standards Board's (ISSB) final standards.

B. International standards:

The UK and Singapore re-affirmed their continued support for a global framework of sustainability disclosures based on the ISSB final standards for general reporting on sustainability and for climate-related disclosures. Both countries are committed to implementing globally interoperable sustainability disclosures. Both sides also welcomed the International Organization of Securities Commissions' (IOSCO) endorsement of the ISSB's standards.

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It was recognised that a global framework for transition and sustainability disclosure standards is necessary to promote a simple, consistent, and effective regulatory environment for firms, regulators, and financial authorities. Both the UK and Singapore agreed to support the ISSB in implementing the standards and reaching its goal of achieving globally interoperable disclosure standards by, for example, supporting capacity building efforts and sharing experiences. Both countries also exchanged views on their respective Environmental, Social, and Governance (ESG) data and ratings codes of conduct which have been published for consultation[1]. The UK and Singapore agreed to explore how to deepen bilateral cooperation and promote global coordination and common expectations.

C. Nature and Biodiversity:

The UK and Singapore re-affirmed the need to deepen the understanding of nature and biodiversity loss and its impact on the financial sector. Both countries welcomed an upcoming joint research project on nature-related financial risks in Southeast Asia involving the University of Cambridge Institute for Sustainability Leadership (CISL) and the Singapore Green Finance Centre, which is co-managed by Imperial College Business School and Singapore Management University (SMU).

The UK shared its efforts to quantify UK's financial and economic risks from exposure to nature degradation through the work by the UK's Green Finance Institute with support of the Bank of England (BoE) and Department for Environment, Food & Rural Affairs (DEFRA). The UK provided an update on the latest developments from the Taskforce on Nature-related Financial Disclosures (TNFD), ahead of the final publication of the TNFD framework in September 2023.

FinTech and Innovation

The UK and Singapore exchanged views on the latest developments on their respective work in the digital space.

A. Crypto and Digital Assets:

The UK and Singapore agreed to contribute to efforts to develop global regulatory standards for crypto and digital assets as part of international standard setting bodies such as IOSCO, and working groups under the Financial Stability Board (FSB), and welcomed the FSB recommendations on crypto-assets including stablecoins. The UK provided an update on its approach and industry feedback on the Future Financial Services Regulatory Regime for Crypto-assets consultation[2], and the regulatory rules for marketing crypto-assets[3]. Singapore shared its perspectives on regulatory developments on stablecoins and consumer protection measures for Digital Payment Token Services[4].

B. Central Bank Digital Currency (CBDC):

The UK and Singapore held a productive discussion on their respective approaches towards CBDC, with the UK updating on the "Digital Pound" consultation and plans for the current design phase. Singapore shared its approach towards exploring use cases for a digital Singapore Dollar, and efforts that are being undertaken to foster interoperability[5]. Singapore also provided an update on its exploration of wholesale CBDC[6] for cross-border foreign exchange settlement. Both countries will continue discussions and share insights and experiences.

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C. Project Guardian:

Singapore shared the latest developments on its private-public sector collaborative initiative to test the potential and feasibility of asset tokenisation. Both countries agreed to consider future collaboration opportunities in this area.

D. E-Wallets:

The UK welcomed the outcome of MAS' review of e-wallet caps, including the increase to the relevant limits imposed on e-wallets[7].

Cross-border Arrangement for selected Trading Venues

The UK provided an update on the cross-border arrangements between the UK and Singapore for exchanging information in relation to derivatives trading venues, which concerns (i) the UK's and Singapore's derivatives trading obligations; and (ii) the classification of regulated markets for the purpose of Exchange Traded Derivatives trading. Both countries acknowledged the value of continued cooperation to support the G20 OTC derivatives reforms.

The UK and Singapore renewed their commitment to engagement beyond the Dialogue through a series of roadmap engagements. Further cooperation was agreed on Sustainable Finance and FinTech and Innovation ahead of the next Financial Dialogue due to be held in Singapore in 2024.

An industry-led UK-Singapore business roundtable on sustainable finance took place on 25 July 2023. Industry participants discussed the financing opportunities and challenges in meeting net zero targets, and how the financial industry could help to address these.

The Dialogue was jointly chaired by Deputy Managing Director (Markets and Development) of MAS, Mr Leong Sing Chiong, and Director General (Financial Services) of HM Treasury (HMT), Ms Gwyneth Nurse. The Dialogue was attended by senior officials from MAS, HMT, BoE, Financial Conduct Authority, the High Commission of the Republic of Singapore in London, and the British High Commission in Singapore.

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