

## Notes for Executives driving expansion through Financial Services Companies in Singapore

There are many challenges that face all companies but especially new and growing Financial Services companies operating in Singapore that should be aware of and try to avoid, pitfalls that often occur during the growth years.



The best laid strategic plans can often get derailed. Careful guidance and realistic planning often provide the best results to execution and timetable success.

We have listed four areas that often require greater management attention especially in strategic approach and planning.

### Regulatory Licencing

Singapore is an open country that welcomes innovative companies to its shores and will go beyond to help entrepreneurs develop ideas and build stable operating environments. Many firms in financial services will require some form of regulatory licencing, to operate in Singapore. Its not easy to get good guidance and advise on licencing and so its left to lawyers and various incorporation companies to guide clients. The best way to focus on successful licencing is for the existing CEO or

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appointed country CEO to take the lead by being in country from start to finish and make the decisions necessary to fulfil all requirements.

That may sound sensible but often is not the case. Many start the licencing process with a legal entity and offshore competent staff. As the regulatory process can take up to 12 -18 months to complete (depending on the type of licence required) companies often wait with recruitment. This is a challenge, as building solid operations and competence during the licencing journey often builds a better chance of success than a promise to fulfil requirements later. In the eyes of a Regulator presence in country has very solid benefits.

#### Recruitment and Retention

The recruitment of staff and the subsequent retention is not to be underestimated despite efforts to create an open and flexible marketplace. There is a clear preference to employ local staff and only resort to international staff if certain skills cannot be found locally. The recruitment process takes time as certain requirements must be completed to demonstrate compliance with regulations. Any cross-border hire will take time as this also requires not only work permits but also the necessary approvals to travel and enter the country.

Local talent is often in demand which in turn places new challenges on total compensation and retention. So very careful selection and recruitment of talent with a plan for retention is critical.

#### Financial Reporting

Regular agreed periodic management reporting is critical to every company and the ability to produce this and discuss the numbers is of paramount importance to good management discipline. Understanding where money has been received and how it has been spent together with stable reporting around the liquidity position, cash flow and balance sheet are all aspects of financial reporting.

Again, this sounds logical but unfortunately is not always the case. In fast moving and growing companies, the business side grows at such a clip that certain other critical tasks such as financial management reporting is less of a priority. There is an over reliance on positive cash balances and bank account reconciliation and minimal client complaints to mitigate unavailable financial data.

Increasing costs – also have a significant impact on companies. Singapore has not escaped the global energy grip so power costs can surge. Those companies that rely on fixed rate contracts may soon find themselves with flexible daily rates at number more than double what they pay today. Add to that general inflation and the ability to remain nimble in financial accounting becomes clear not only to price product correctly but also to return some reward to shareholders.

#### Governance

Good governance starts with a discipline of having regular management meetings. Taking time out of a hectic schedule to focus on the business and its different aspects be it sales, clients, investments, and reporting. Not only is this essential so that a check can be made on key priorities,

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but it creates an environment where the stakeholders (Shareholders, Management and Employees) can discuss ideas, present issues, and raise matters that may materially impact the company.

Governance is much more but the fundamental is well documented meetings that demonstrate the legal entity has considered aspects and made decisions based on some facts and common agreement. Good governance also goes a long way to helping a company when it gets into trouble. It's a bit like taking insurance, no body likes the cost but when you need it, they expect everything to be paid! Well documented meetings may take a little time but can help with investigations, audits, regulatory reviews and even support claims under potential professional indemnity cover. The step to do this is small but seemingly very hard, yet hugely beneficial!

AlfaSec Advisors provides Non-Executive and Interim Executive Directors to Financial Services Companies in Singapore.

Lets talk!

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