

# **SURVEY OF SINGAPORE TREASURY ACTIVITIES IN 2002**

*The Monetary Authority of Singapore (MAS) conducted a survey of the Singapore treasury industry as at 31 December 2002. The survey covered all banks and merchant banks carrying out treasury activities in Singapore.*

## **OVERVIEW**

The treasury market in Singapore remained buoyant with continued growth in revenue and pre-tax profits. The volume of treasury activities increased in 2002 driven by active regional markets, asset sales and debt restructuring. Activity also rose as several global players have centred their Asian time zone foreign exchange and derivatives business in Singapore. In addition, several financial institutions have also consolidated their treasury middle and back-office operations for Asia Pacific here. These activities include regional risk management, processing, documentation and settlement.

## **REVENUE AND PROFITS**

Treasury revenue continued to grow in 2002 to S\$6.2 billion while pre-tax profits increased 6.5% to S\$4.9 billion (refer to [Chart 1](#))<sup>1</sup>.

The treasury market is well-diversified with activity spanning capital market, money market and foreign exchange products. Revenue from the trading of capital market products such as fixed income, credit derivatives and interest rate derivatives has been on an upward trend over the past three years and accounted for 43% of total revenue in 2002 (refer to [Chart 2](#)). In addition, money market products including treasury-bills and forward-rate agreements (FRAs) continued to be a major contributor to total revenue (40% in 2002). Foreign exchange activity remained an important component of treasury activity and contributed 16% of total market revenue in 2002.

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<sup>1</sup> We have restated the 2001 revenue figure as three financial institutions informed that due to oversight, they had provided inaccurate data the previous year.

Chart 1: Treasury Revenue & Pre-tax Profits

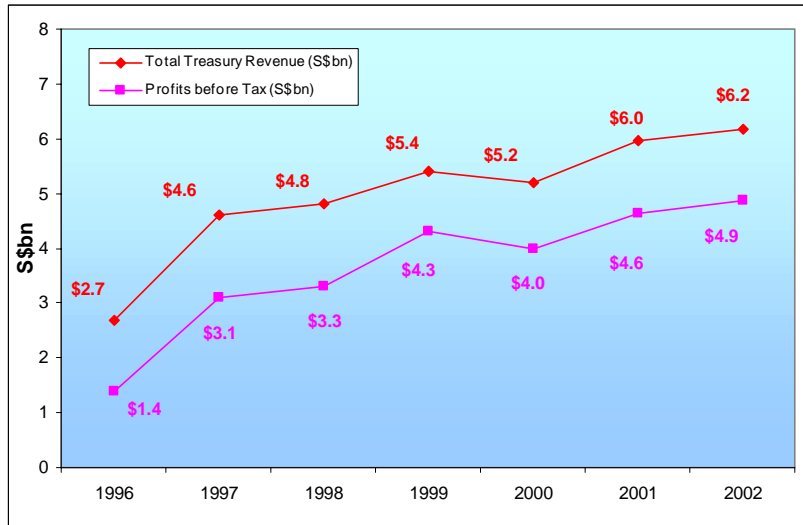
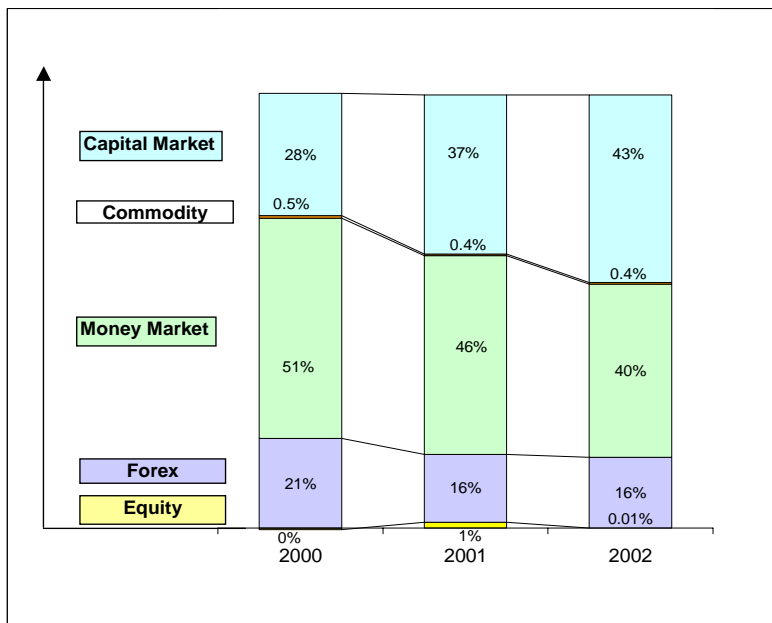


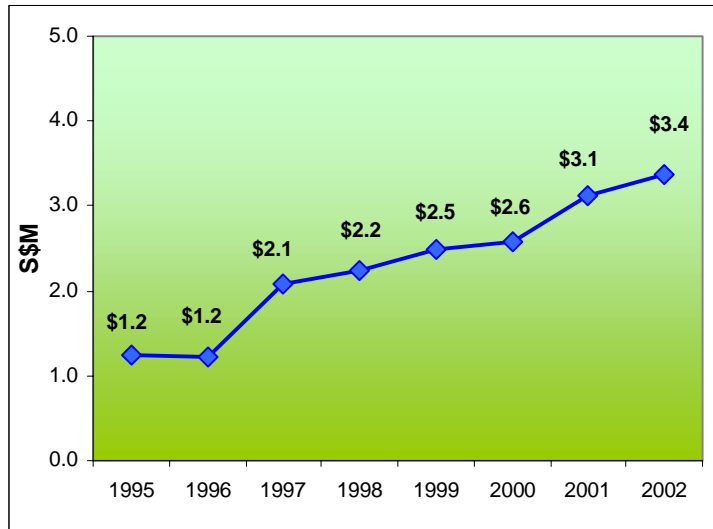
Chart 2: Revenue Contribution by Instruments



### Average Revenue Per Trader

In tandem with the growth of electronic trading as well as improved efficiency, revenue earned by a typical trader has been climbing over the years. 2002 was a record year where average revenue per trader reached S\$3.4 million (refer to [Chart 3](#)).

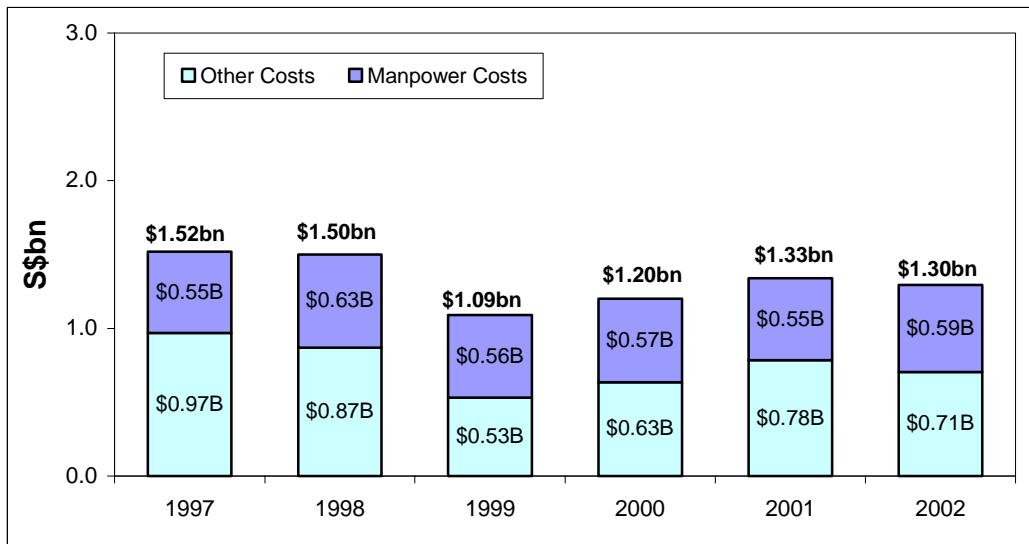
Chart 3: Average Revenue Per Trader



## Costs

Total costs declined marginally from S\$1.33 billion in 2001 to S\$1.30 billion due to a reduction in non-manpower costs. The soft office rental market as well as the lower operating cost environment contributed to this.

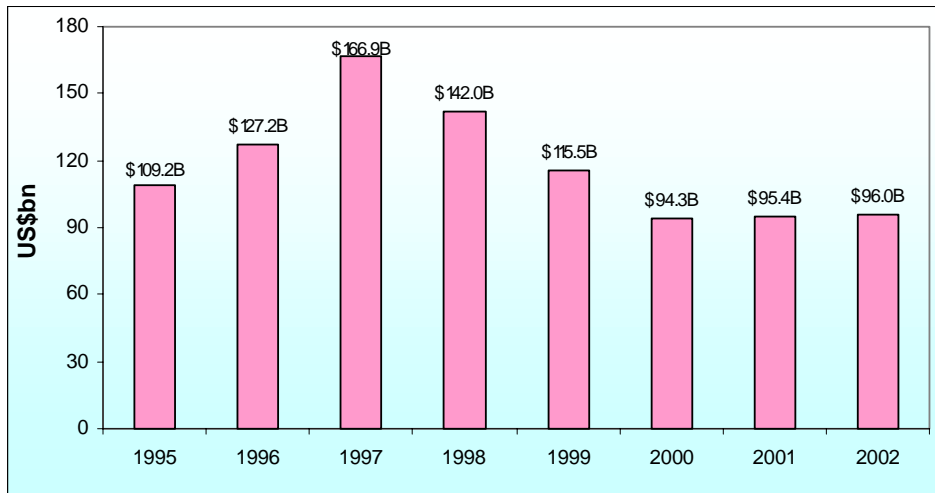
Chart 4: Breakdown of Treasury Costs



## AVERAGE DAILY FOREIGN EXCHANGE TRADING VOLUME

The level of foreign exchange trading activity remained relatively stable in 2002, recording an average daily trading volume of US\$96 billion (refer to [Chart 5](#)).

Chart 5: Singapore Average Daily Trading Volume



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