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Singapore's star as the 'superrich haven' rising fast

As pressure mounts on Switzerland's flagship bank UBS and the country's secrecy code comes under fire from the United States and Germany, Singapore's star as a haven for the superrich is rising fast.

The city state, with the highest density of millionaires in the world, is seeing wealth management prosper as the US and Europe grapple with the worst slump in a generation.

Its strict bank secrecy rules seem likely to be spared an assault similar to the one that Berne is defending now, following the charging of UBS's wealth management chief with helping Americans hide money.

With close ties to the rest of Asia, Singapore is in a stronger position to resist pressure from the US than rival Switzerland or Alpine retreat Liechtenstein, which recently partially surrendered bank secrecy.

"It's a wealth centre," said Martyn Schilte, a manager in charge of selling million-dollar luxury cars in Singapore. "If you look at the type of client we sell to, it's people with a net worth of US\$50 million-plus."

As Asia's elite move billions to the country, assets under management soared by a third last year to more than US\$800 billion.

The amount may be small compared with Switzerland. Singapore had US\$500 billion in offshore assets under management last year, according to the Boston Consulting Group, compared with four times as much in Switzerland.

But it puts the region on the map for banks hoping to capitalise on a more resilient Asia as the west slows.

As job cuts cloud London and New York, banks such as Credit Suisse and Macquarie Group are hiring wealth management staff in Singapore, despite a local recession.

Bank of China is one of the latest to plan a wealth management arm in the Southeast Asian country, hoping to meet millionaires such as those who recently gathered to buy and sell private jets on the sidelines of a Formula One night race.

"Singapore has developed a lot and has all the ingredients to compete internationally," said Deepak Sharma, an executive in charge of Citigroup's global wealth management business outside the United States.

Like tax hideout Monaco, Singapore has a hard line on bank secrecy. It has not agreed to the Organisation for Economic Co-operation and Development's (OECD) standards of transparency and exchange of information.

Singapore, which is trying to grow financial services to wean dependence on manufacturing, is on the International Monetary Fund's list of tax havens and targeted by a proposed new US anti-tax-abuse law.

Another country that had similarly shunned the OECD, Liechtenstein, recently agreed to a deal with the US, paving the way for the exchange of bank account details with Washington in cases of tax evasion. The agreement may pressure Switzerland into similar concessions, which could work to Singapore's advantage.

Singaporean Prime Minister Lee Hsien Loong said this month such scrutiny in the west could lead to more European money flowing into the country, a hot talking point in the industry.

"It is interesting to notice a growth in the number of European clients booking wealth through Singapore, which unlike Switzerland does not recognise the European tax directive," Sebastian Dovey, of consultancy Scorpio Partnership, said.

But European cash comes with the risk that Singapore too could be targeted in the crackdown on tax havens. "I expect Singapore to come under pressure, too," Mr Lee said.

Singapore's central bank said confidentiality laws were no shield for criminal activities and that banks could disclose customer information to assist such investigations.

Singapore is in a stronger position to resist the strong arm of Washington. Singapore, experts in the region point out, is a US military ally and one of the few Asian countries with a deepwater port that can hold a US aircraft carrier.

Ultimately, however, it may be politics that makes throwing down the gauntlet to Singapore difficult. To do so, said experts, would be an indirect challenge to China.

"If I were the Singapore government, I would not sign [up to OECD rules] unless it's on equal footing with Hong Kong, the key competitor," Roman Scott, managing director of consultancy Calamander Capital, said.

The European Union, Mr Scott said, was not putting pressure on Hong Kong, however, because it was reluctant to confront Beijing.