Conversations with Notable Alumni

The private banking industry is undergoing phenomenal growth and Singapore is now even dubbed as the “Switzerland of Asia”. The ECONews met with Mr. Daniel Lo, who is currently Senior Vice President of a French bank, CIC, and learnt about the less-well-known world of private banking.

By Neo Teng Wei and Andy Ho (ECONews Student reporters)

Most of us are not familiar with private banking. What is it?

I will compare it to airlines. We have economy, business and first classes. Retail banking is the equivalent of an economy class, which is the biggest segment but with the least privileges. Services rendered are limited. Similar to economy flights, you get a limited choice of the standard set meals. Business class is equivalent to priority banking. DBS calls it Treasures, UOB calls it Privilege Banking while OCBC names it Premier Banking. For most banks, the minimum requirement is a deposit of US$200,000. You have a relationship manager (RM) assigned to you. The ratio is usually 1 RM to about 100-200 customers. The services and products provided are also limited. You can deal in a few generic products such as foreign exchange, mutual funds, unit trusts, dual currency deposits and equity-linked notes.

Private banking is the equivalent of first class in the airline industry. The ratio is generally 1 RM to 20-30 customers. These customers are usually known as high-net-worth individuals and will open an account with a minimum of US$1 million in investable assets. Investable assets usually refer to assets that are rather liquid and normally include bonds, equities and cash. In private banking, the sky is the limit in terms of product offerings. The product spectrum ranges from foreign exchange, funds, bonds, equities to exotic structures and derivatives. Essentially, as long as you have an investment idea, the financial engineer can create a product to match your idea. At the tip of the pyramid, we have people who go into antiques, paintings, and are frequently seen at auctions.

So what does a private banker do?

A private banker is essentially your financial advisor. He is your relationship manager who knows much about you including some of your little secrets. Your wealth is basically under his care. Here, the relationship between the private banker and the client has more breadth and depth as the RM interacts with his clients more frequently on more products of bigger ticket size.
One of the most rewarding features is when your clients gradually grow to become friends. It is not uncommon for some private bankers to manage the family office of their key clients after leaving the bank, given the trust and understanding established over the years.

**How would a private banker find clients, or how would clients find you?**

It is mostly through word of mouth. It is unlikely for private banking clients to attend to cold calls unless you are a celebrity perhaps. It is most effective if your existing clients introduce you to their friends and relatives since they bear the best testimony of you as an outstanding private banker. Therefore, if you serve your clients well, more clients will naturally be added to you.

Another common source is through a referral agent. Occasionally, you might find a retired private banker who may introduce his/her contacts to a private bank in return for a referral fee. Other common routes are via the accounting firms or law firms, or people with very strong networks with HNWIs (High Net Worth Individuals).

**Sounds like quite a job! How can you become a good private banker?**

It boils down to sincerity, integrity and your character. If you just drink and party with your clients, it’s not going to go far because, ultimately, you need to perform. The money they have entrusted you with must grow. If it doesn’t grow but dwindles over time, it will not be long before you lose this customer. In private banking, like in any job, you have to deliver performance.

Personally for me, what matters most is sincerity. The client knows whether you are treating his money as your own, or if you are just doing it to generate revenue for the bank. Once the client realises that you are sincere and trustworthy, he will gradually commit more funds for you to manage. Such clients will also be more understanding on occasions when your performance is adversely affected by market movements.

**What is the size of the private banking industry in Singapore?**

It’s huge. It’s in trillions. Singapore is not just attracting Asian funds. Money is coming from all over the world. As one of the largest financial centres in Asia, Singapore faces many key challenges, including money laundering and tax evasion.

This explains why private banks in Singapore perform very strict due diligence when it comes to signing on clients with the bank. ‘The Know Your Client (KYC)’ is very thorough and comprehensive. With most banks, clients who are engaged in primarily cash transactions
such as gold/diamond trading are not welcome, as it is difficult to determine the source of funds. The penalty faced by the bank for accepting funds from dubious sources is more than just a big fine: there could be a loss of reputation as well. Therefore, private bankers make great efforts to find out about their clients – not only to understand them better so that they can better serve them, but also to protect themselves from potential compliance issues.

Private banks also generally don’t deal with politicians and people in government positions. For this category of clients, the same issue of source of funds remains – are these monies clean? Besides, it is not uncommon that these people are investigated under a new government and banks do not want to be involved in such investigations. Personally, I have encountered a case in one of my previous employments, where I came across an account with over USD10 million. We did our usual KYC and discovered that the account holder was a police superintendent of Cambodia. From search reports, we uncovered that this client was responsible for many deaths during his time. The bank committee deliberated and decided to close the account. The bank did not want to have anything to do with money tainted with blood.

How did you start your career as a banker?
I stayed in Boon Keng during my university days. To go to the Bukit Timah Campus at that time, there were only two bus services, 175 and 182. The starting point was at Queen’s Street where the DBS Rochor branch was located. When commuting to and from campus, this particular DBS branch was always within my field of vision. Gradually, I told myself that I wanted to join this bank because banking was a rather glamorous job back then, and DBS Bank also carried a strong branding.

In my Honours year, DBS would hold tea parties and invite the top 5 Honours students in every department of the faculty by recommendation of the Dean. I was not among the top 5 in Economics but fortunately for me, the Dean decided that anyone could sign up for the tea party. Eight of us submitted our names, attended the tea party and all eight of us got the job offer before Christmas. It was really the best Christmas gift. I could not wait to start working and I found myself sitting in the Corporate Banking department of DBS Bank at Shenton Way immediately after my final examinations.

When you first entered DBS, did you know what you wanted to do?
I just wanted to work in a bank. Fortunately, I was posted to the Corporate Banking division where I performed credit analysis on corporates in the real estate and financial services industries. I was blessed to have a very good mentor, Mr Hong Tuck Kun, back then. To this day, I remain in close contact with him. In this division, I dealt with many large property developers who are among the richest people in Singapore today. This job was really rewarding – I enjoyed interacting with the shareholders and senior personnel of each corporation, having lunches in almost every good restaurant in Singapore, and having an attractive pay package.

How did you then move to private banking?
I must say I am very blessed. My path was, in a way, charted. I spent three years in Corporate Banking at DBS, after which I joined Bankers Trust in Regional Corporate Banking. At Bankers Trust, I was given the opportunity to join the Treasury Department, where I was first exposed to financial market instruments such as foreign exchange, bonds etc. Equipped with a good knowledge of financial products, I moved on to become a product advisor in private banking with Bankers Trust. In that role, I accompanied relationship managers to meet with their clients where I shared my views and recommendations on financial markets. When I rejoined DBS in 1996, I assumed two roles: a team leader for the North Asia market, and assisting the private banking department to expand its suite of product offerings. Thereafter is really history. DBS private bank has come a long way. In recent years, it has acquired the private banking businesses of Societe Generale and ANZ to become the largest private bank in Asia.

Who are clients of private banking in Singapore?
In the Asian context, somehow, the wealth is vested mainly with the hardworking Chinese. More than 80% of private banking clients are business owners. Like Hong Kong, wealth in Singapore is also mainly generated from two asset classes, i.e. real estate and shares. However, our small nation was able to attract the mega-rich from the neighbouring countries, particularly from Taiwan and Indonesia, and lately from China. Since the 2008 Global Financial Crisis led to increasingly regulated environments, Singapore has also been seeing funds flowing in from Europe and the Middle East.

Why do Taiwanese tycoons want to park their money in Singapore?
When I marketed to these Taiwanese tycoons, I talked about 三保 (Three Treasures). First, 保障 (Security). Singapore is a AAA-rated country. It is a sovereign nation not aligned to any other country. The legal framework is strong and robust, so investors know that their money is safe here. In other countries, your money may experience ring-fencing, that is, the money cannot come out. Singapore doesn’t have that problem. Secondly, 保密 (Confidentiality). Taiwanese tycoons
do not want to “put all their eggs in one basket”. Given the cross-strait problems, Singapore offers a neutral and viable option to park their money in. Thirdly, 本金 (Principal protection). As an international financial centre, Singapore offers many investment options, including those with principal guarantee.

Singapore has forward planning for as far as 20 years into the future. The Singapore Government adopts a business-like approach to managing its resources, with many success stories, such as Singapore Airlines, Singapore Telecoms, DBS. This way, it has built huge reserves under the umbrellas of Temasek Holdings and GIC. During the 2008 financial debacle, Singapore successfully rode out the crisis with innovative schemes like job credits. When companies wanted to retrench people, the Government said, “No, don’t retrench. We will help you pay 10% of your staff’s salary.” You save jobs. Jobs are critical. Without jobs, the economy cannot perform.

Let’s go back to your career. You mentioned you were a team leader in relationship management in DBS...

Actually I never planned to leave DBS. During the 2008 financial crisis, DBS management took the view that market conditions could deteriorate further in 2009. DBS therefore made the painful decision to retrench 6% of its entire staff, about 900 people. I was one of them. For me, this turned out to be a blessing in disguise. I collected an unusually big retrenchment compensation (given my 15 years of service), terminated my service with DBS on 31st December 2008, and then moved CIC, a French financial services group, as a team leader on 2nd January 2009.

CIC is probably the best place I have worked for, in terms of work-life balance. Some banks just go for revenue and are very result-focused. Such banks are known for “hiring and firing”. They can hire 100 people and in 6 months’ time, 50 are out. European banks are generally more conservative and less demanding on performance. Very often, I have witnessed occasions where the staff were given a second chance. If you can’t produce results in 6 months, they will give you one year if you show a positive work attitude and good potential. Our local banks are increasingly more result-focused, unfortunately.

When you move from one bank to another, do you keep your clients?

This is a given. That’s what you’re paid for! Your client is your asset that you have built and you are expected to bring them wherever you go. Let’s say I want to take in a new RM. I will see how many clients he/she has, how much AUM (Assets under Management), how much he/she can contribute to the bank’s revenue. With that understanding, we agree on the compensation package and the obligations that follow.

Private banking is very relationship-driven. The RM matters more to the client than the bank does. That’s why EQ is a lot more important than IQ. EQ brings you everywhere. If you know how to network, the world is your oyster. You can be very bright, but if you don’t know how to network, then you are better-suited to work in non-client jobs like research analysts. Any front-line job requires networking.

What is some advice you would give to current Economics students to become good bankers?

I always tell them that you need three things to be a private banker. First, your personality. You have to be personable. You don’t always have to look gorgeous, but you must be pleasant. Don’t put on a sulky, bitter look. How will the client converse with you? It will be challenging. Every client likes to meet and talk to someone who is pleasant and sociable. Secondly, you must have good general knowledge as well as knowledge of the financial markets. However, this can be acquired over time. The third is networking. This refers to your circle of friends and contacts. You can also develop this by enlarging your social circle through participation in Rotary clubs, trade associations, and other groups.

Ultimately, private banking is a front-line job – it requires selling skills, like it or not. You are marketing yourself and your bank. Personality is key.
Good afternoon. I am both honoured and humbled to represent all of us here today. I’d spent a long time thinking about the contents of this speech, had some unconventional plans, but eventually decided that singing in front of Voice majors from Yong Siew Toh wasn’t such a good idea. In any case, sincere words convey the most. So firstly, my sincere congratulations to the graduating class of 2017 from the best university in Singapore and Asia. I’m sure we can all agree, that none of us did it on our own. So shall we give a big round of applause to show our appreciation towards our parents and guests who are here today? Upon reflecting on my time in NUS, I have a few takeaways, which I’d like to share with everyone.

Today we emerge from the gates of NUS, armed with a degree. It hasn’t been easy, and memories of the sweat and tears, and friends we’ve made, will always stay close to us. As freshmen, we were fearful and we knew no one. So we would go to orientation camps, usually more than one because we’re kiasu – I went to four – and we entered the school not knowing if we would survive the next four years. Most of us took extra care to dress up and look the best we could, because we’re Arts and Music students! And we explored everything the school had to offer – from hall activities, to OCIPs, to varsity sports – in search of the next legitimate reason to not do our tutorials. All these fun times during our four years here will hopefully serve as a lifelong reminder that sometimes we just have to live in the moment and enjoy the process, no matter how tough the process is, or how far away our goals seem. And here we are today, having reached our goal of walking across this stage.

A few years back, Convocation was renamed as Commencement, to mark the start of another journey as we leave NUS. But now that we can take classes as alumni, for free, it doesn’t even feel like we’re graduating! Of course, we know that the school has done this to encourage lifelong learning. Our professors also seem to agree we should never stop learning, since they love giving us assignments even during Recess week. But lifelong learning is not simply an overused term, and we need to embrace it to stay relevant. From Friendster, we moved to Facebook, then Instagram, then Snapchat, then Stories – Instagram again. Continually learning and adapting to these changes has kept us relevant, socially, so why shouldn’t we also embrace change in all other aspects of life? Learn to love change and love learning.

We didn’t do this alone. I am sure everyone here has people whom they wish to express their gratitude to. My loved ones mean a lot to me – to Mom and Dad, thank you for being the pillars of our family and always supporting my decisions, sometimes reluctantly. To my dear brother Wen Xuen, enjoy school while you can, and I can’t wait to see you get your Economics degree in this hall, in two years’ time. To Jasmine, thank you for being such an important part of my life the past one year. My deepest gratitude goes out to Professor Denis Tkachenko, who does look fierce on first sight, but is really a secretly funny guy and the best supervisor anyone could ever hope for, to all lecturers and professors who’ve committed so much to our development, and lastly, to the familiar faces in the crowd today – thank you for being part of my NUS journey, and I couldn’t be any happier graduating with you guys.

To the graduating class of 2017, the future is uncertain. It always is. But whatever we do, let’s do our best, and things should eventually fall in place. Somehow.

I do not wish us all an easy journey ahead, but the strength to endure a difficult and meaningful one. Congratulations again, thank you and have a great evening.
# STUDENT ACHIEVEMENTS
in Academic Year 2016/2017

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When it came to entering university, I was unsure of what to study and decided to go with one that had much relevance with regard to daily life: Economics. True enough, under the guidance of experienced professors like Dr. Timothy Wong, I learnt many interesting theories and models during my first one and a half years in NUS. What appealed to me most about Economics is about how you can always apply what you learn in class to many of the situations you encounter in your life, such as marginal utility in decision making. Moving forward, I am currently studying Actuarial Studies at Australian National University under a joint-degree programme. The picture of me was taken during a trip that I had when I went to Brisbane recently over the winter break. To all the incoming Economics students, I would encourage you to keep an open mind and seize any opportunities that come your way.
Joanna Lee Si Han  |  MAS Academic Excellence Prize

Before setting foot in NUS, I was certain that I wanted to pursue my studies in Economics and I have never looked back ever since. Economics is beautiful. We use simplified models to understand complex real-world phenomena. At the same time, we recognize that these models are insufficient to explain the intricacies of reality. As British statistician George Box puts it across aptly, “All models are wrong, but some are useful.” No model is 100 percent correct nor can any single model predict the world with certainty. Therefore, we ought to focus on using the knowledge elicited from these models and applying it to our daily lives.

The past two years in NUS has been a fun and fulfilling experience for me. Initially, I was slightly apprehensive about the mathematical and statistical rigour of the course. However, overtime, I had grown to love and to see the importance of Econometrics in helping us make sense of real-world data and using these data to test economic models and hypotheses.

I am also deeply grateful to my lecturers, tutors and peers for inspiring, challenging and supporting me throughout the past two years. Special thanks to Dr. Zhang Yang for being so friendly and approachable, for explaining Microeconomics clearly and concisely, and for being concerned when I missed my finals as I had to be hospitalised. Thank you Dr. Ong Ee Cheng for challenging me to speak up in class and to look beyond the textbook at the lives of people and the struggles that they face. Thank you for changing my perspective on Economics – that it is not just mere knowledge, but can be used as a powerful tool to solve real-life problems and improve the lives of people. Thank you Mr. Chan Kok Hoe for making Public Finance interesting and for your personal anecdotes on the sufficiency of your savings for retirement. Last but not least, thank you Dr. Zhou Junjie for answering the various questions that I had regarding the abstract concepts in Mathematical Economics.

Finally, my personal advice to my fellow Economics majors would be to find meaning and purpose in the subjects or courses that you study. Don’t just study for the sake of exams but use the knowledge, skills and perspectives that you have acquired both inside and outside of the classroom to make change and influence the lives of others. Make the best out of the time you have left in university and don’t forget to have fun and do the things that you love!

Tay Geng Zhi  |  Economic Society of Singapore Medal
Ministry of Trade and Industry (Economist Service) Best Thesis Prize

Having just transitioned from a student to a full-time working adult, the witnessing of the flow variable that is education becoming a stock variable, truly makes one feel surreal. I’m sure that many fellow graduates would agree that 4 years with the NUS Economics department has been an incredible and life-changing experience. Winning these awards caps off this fantastic journey for me, and I am both honoured and thankful to have received them.

Reflecting on these 4 years, I feel that the Economics department has provided a myriad of opportunities for students that I urge juniors to explore and enjoy. For example, not many students know that the department offers the Undergraduate Research Opportunity (UROP) module, which provides students with a chance to shadow a Professor on a research project. Personally, UROP gave me my first taste of research as a budding researcher and it was a breath of fresh air vis-à-vis other modules. Having established a great working relationship with A/P Albert Hu as my UROP supervisor, he eventually became my Honours Thesis supervisor in my final year. I am immensely grateful for the opportunity to work...
alongside him, and I would like to thank him for his continuous and patient guidance along every step of the way.

I also had the privilege of interacting with many juniors as part of my stint as an undergraduate Teaching Assistant (TA) for EC2303. Being a TA was undoubtedly one of my highlights in my time in the Economics department. Having been on the other side of the equation, I fully understood how it felt to sit through tutorials as a student. Therefore, I tried to make lessons as interesting as possible, and I hope that my ex-students left with a more enriched and curious mind. My teaching feedback scores were certainly encouraging, although it might have to do with some incentives in the form of Toblerones! The experience had been both enjoyable and fulfilling, and I have indeed learnt as much from my students as I have taught them.

Overall, time seemed to have flown by in a twinkling of an eye, and gone are the three-day or even one-day work weeks (a little planning goes a long way!). To all undergraduates, do take a moment to enjoy school life beyond Stata and regressions. Though grades may teach us that we are bound by a normal distribution, take heart that life is far more than normal, and definitely beyond academics. May we all learn to integrate the lessons we have learnt, differentiate ourselves in this world, and ultimately make an impact on society that is nothing short of significant*** (at the 1% level).

Akshay Sunil Agrawal | Lim Chong Yah Gold Medal

It is indeed an immense sense of accomplishment one gets when graduating from the best university of the continent. Winning the prestigious Lim Chong Yah Gold Medal would be having the cherry on the cake.

22 July 2015 was the bright sunny day when I arrived in Singapore to start a new chapter of my life, and probably the most exciting one – joining the Master’s programme in Applied Economics at the National University of Singapore. Two years since, indeed, is a long time and it is easy yet imprudent to reflect upon it at this early stage. Nevertheless, I try my best to pen down my thoughts.

The first thing that comes to my mind is the eloquence of my professors and the generosity of their conduct that remains unmatched. Their impeccable and cogent speech, elaborate class discussions, keeping their doors open for consultations, and most importantly, their friendliness, made sure that every student understood the subject clearly. It would be remiss of me if I did not acknowledge this and thank them individually and collectively.

Talking of the journey, it has been challenging. However, at the same time, full of fun and energy. All the wonderful memories of the times spent in the university - from the time I met Ms. Low Hooi Han in the Graduate Studies Division, who had been extraordinarily welcoming, have been imprinted indelibly on my mind. A recollection of the times registering for the courses, running for the lessons, climbing up the uncountable stairs, learning the art of sprinting to catch the orange shuttle buses, making friends with new classmates, meeting and bothering the kind admin officer, Ms. Diana, who was the go-to person for all our concerns, and innumerable memories like these already makes me feel a sense of nostalgia.

Reflecting upon the academic experience, for me, understanding the intricacies of Economics was a bit more taxing since I was an Engineering undergraduate. That was one of the reasons why I had to put extra effort into studying every semester, which paid dividends. I must mention that the mathematical and quantitative skills acquired during Engineering came in handy. Overall, I enjoyed learning Economics and while doing so, I discovered that Economics is the perfect amalgamation of pure science and humanities, for it studies human behaviour and scientifically analyses various forces interacting in the decision-making process. Studying Economics has another advantage, too. It teaches one to be rational and competitive in life, thereby changing one’s attitude and perspective towards life. Two years studying the deep subject of economics is just a drop in the ocean but nonetheless, I saw myself evolve. The engineer-turned-economist in me now has a new world outlook, and a renewed ability to quickly adjust and align myself to the fast-changing and competitive world. I believe it will be a life-long journey exploring Economics and I hope to carry it on fruitfully. In the meantime, I hope to make the most of the knowledge acquired during my past two years in this department for the benefit of the world in which we live.
My name is Li Jie, currently a fourth year Ph.D. candidate in the Economics department. My research interest is in International Trade. For my first chapter of my thesis, I made use of China’s outward FDI data to study how one country’s banking FDI would promote its manufacturing FDI through financing channels. The empirical results confirmed the hypothesis. For the second chapter, I worked on the comparative advantages brought about by ICT development worldwide. For the third chapter, I plan to work on how age structure differences within Chinese cities can affect cross-section variations in its economic outcomes.

I was informed back in January that I got the GKSS scholarship for my fifth year in graduate school. It’s such a great honour to receive the scholarship that will help me continue my research in the fifth year. I am very grateful to the Department of Economics for this precious opportunity.

I would like to thank my supervisor, Prof. Davin Chor, for his guidance throughout these years. He is not only a supervisor, but a mentor who taught me how to carry out my research properly. I am very inspired by his passion for research and will follow his lead to become a researcher in Economics in the future. I would also want to thank Dr. Bingjue Li for her guidance on my projects and my peers for inspiring me to work hard and to do better.

I feel very lucky to have the chance to pursue my Ph.D. degree here at National University of Singapore. I majored in Economics too during my undergraduate years. Most of my friends in undergraduate school chose to pursue careers in investment banks, securities companies or other financial institutions, but I felt like that’s not what I am interested in. So I applied for graduate schools overseas and decided to come to NUS for Economics Ph.D. studies. I was not sure about what I wanted to do in the future when I first started my graduate studies. Some first year courses were much harder and mathematically-loaded than what I have learnt before, which made me quite frustrated and disappointed in myself. My peers in the same program helped me a lot. We discussed tough problems and worked on the homework together quite often, making me more clear about the mathematical and economic concepts over time. The most important thing for a researcher is to choose a specific field to study. Considering that I am not good in Mathematics, I decided to work on empirical research. I took modules and audited modules in international trade, policy evaluation, labor economics, econometrics and experimental economics in the second term of my first and second year to determine which field suited me best. In the process of searching, I grew a stronger interest in Economics and was fascinated by its ability to explain a variety of problems in real life. Eventually, I decided to specialise in international trade and choose Prof. Chor to be my supervisor. I have not done much empirical research before, and when I first started on my research, I was overwhelmed by the messy datasets and codes. I was quite clumsy initially, and always made things even messier. After starting to work on a specific project, I gained more practical knowledge on how to handle the dataset and got a better sense on how to use the collected data to study a topic through learning with my supervisor.

The first two of my projects didn’t work out very well, which made me lose confidence by a little. After reading papers and learning more, I began to get a sense of how to think more like an economist. Before I started the Ph.D. programme, I thought that being in a Ph.D. programme and finding a job position in university was just a career choice. However, after immersing myself in academia for several years, I realised that being a researcher meant so much more. It means a life-long pursuit of knowledge, excellence and improvement.

There are some crucial learning points that I have taken away in recent years in order to be a good researcher. First, we need to be innovative and think out of the box. The purpose of most research is to uncover unknown causality between several phenomena. Sometimes, unconventional thinking can offer an interesting perspective. The second is the ability to challenge and question your own research. In my school years before my Ph.D. programme, much of the work was to learn and memorise the knowledge and take them without critiquing the knowledge. If I wanted to be a serious researcher, it means to challenge the knowledge learnt as well as my own research. I still have much room for improvement in these areas. The scholarship is a huge encouragement for me to do better.
Tan Huan Yuen Charmaine I (PhD, 2013 intake)

My curiosity about how people care about the well-being and motivations of others started when I was looking into bidding behaviour on eBay for my undergraduate thesis. I observed that bidders tend to submit multiple incremental bids, especially minutes right before the end of auctions, and especially so when other active bidders are doing the same. I wondered how much of those frenzied bidding reflected these bidders’ real valuations for the auction items, how much was driven by a desire for victory, and how much came from a dark, malicious side of human nature. If bidders had a desire to harm rival bidders, it meant that they would be willing to pay a cost, i.e. incur a risk of overpaying for an item, to increase the price that someone else would pay if that person had won the bid instead.

As part of my Ph.D. dissertation, I conducted an experiment where NUS students had to bid against one another in multiple rounds of second-price auctions. Unlike eBay, the valuations of bidders in the lab for auction items were fixed, and the auction environment could be tightly controlled. Subjects were told exactly how much money they could earn from winning, and everyone was given information on whether they were bidding against the same rival or someone new in every round. In my experiment, 48 percent of all the bids exceeded the amounts that should be submitted if bidders cared only about the monetary value of winning. Fitting the data to a model where bidders derive some psychological utility from winning, and where bidders have a spiteful motivation to make their rivals pay more, I found that spite played a greater role in driving the overbidding phenomenon when bidders are pitted against each other repeatedly, compared to when they are matched with strangers in every single round. In the second part of the experiment, subjects made decisions to allocate payoffs for themselves and for others, revealing directly their willingness-to-pay to harm others, which I could link to overbidding.

Bidding in auctions is only one context where social factors influence people to act in ways that are inconsistent with pure self-interest. A rich body of experimental research studied social behaviour using economic games, based on the pioneering models of other-regarding preferences by Fehr and Schmidt (1999) and Bolton and Ockenfels (2000). Currently, my advisor, Assistant Professor Roy Chen and I are working on an experiment to investigate how people’s biases towards group members depend on the group’s shared experiences. This aims to shed light on how the identities and biases of naturally-occurring groups, such as ethnic groups and nations, might strengthen or weaken with shared successes and adversities.

I am lucky that my advisor shares my interest in studying social preferences, and is experienced and knowledgeable in experimental methods, and is willing to devote a lot of time to showing me the ropes. I benefitted from his guidance on how to design experiments, programme the z-tree software, and analyse experimental data. I also learnt that an experimental endeavour includes tedious preparation and execution work, including recruiting subjects, preparing instructions, reading instructions aloud at every lab session, handling payments, etc.

I chose to pursue my Ph.D. at NUS partly to stay close to my family, and partly to be able to, as a researcher, contribute to making Singapore better. One way to do so is to apply economic thinking and techniques to areas that are relevant for the government. Another project with my advisor involves using behavioural economics to encourage hawker centre patrons to return their trays at the designated stations after their meals. This is part of the effort by the Ministry of the Environment and Water Resources to improve cleanliness in hawker centres and promote a culture of graciousness.

The greatest challenge I face as a graduate student is overcoming moments of despair when ideas and projects are put to sleep, either because they do not work out or have already been done. However, this is an integral part of scientific inquiry, and, to quote Charles Darwin, “to kill an error is as good a service as, and sometimes even better than, the establishing a new truth or fact”. Being awarded with the Goh Keng Swee Ph.D. scholarship to spend a fifth year in the programme is an immense honour, a financial blessing, and a much-needed morale boost. I am looking forward to more meaningful experimentation in the year ahead.
World War E is a 4-day 3-night camp organised by the NUS Economics Society for matriculating freshmen. Being the largest scale Economics Camp ever planned, the camp consisted of 187 participants – 118 freshmen and 69 seniors, and adopts a storyline from the famous thriller movie, World War Z. 118 freshmen were split into four factions, namely Emmett – Strong, Cassidy – Clever, Orva – Brave, and Noland – Noble. The President then led the four different factions in search for a way to stop the threatening zombie apocalypse from consuming humanity.

On the first day, members of each faction are put through rigorous training, through a series of dry station games, which are located around the faculty to familiarise themselves with other members of the same faction. The training continued at night with our very own unique Zombies & Ladders game. These games aimed to pit Orientation Groups (OGs) against each other to train them to be competent enough to defeat the zombies and ultimately find the cure.

It is a myth that building strong bonds with their guardian angels allowed members of the factions to establish a form of protection for themselves. Nevertheless, the identities of their guardian angels cannot be revealed until the cure has been found. Hence, members of each faction are given time to interact with their guardian angels while being blindfolded during the night.

On the second day, training resumed for the 4 factions. However, this time, members of the factions travelled to a special training facility – the Specialised Offshore Training and Acclimatisation Facility (SOTAF). Located at Palawan Beach in Sentosa, this training facility enabled members to adapt to different environments and honed their skills through a series of station and mass games at the beach.

When night falls, time was again given to the faction members to interact and continue building rapport with their respective guardian angels.

As they return to the faculty, a simulation training exercise awaits them as faction leaders decide on a collaboration among the 4 factions and allow their members to work together to train their various abilities. 4 freshmen – 1 from each house, are grouped together and are required to complete a series of tasks through the Indoor Night Trail.

On the third day, faction leaders continued with the merger and the Guardian Angel OGs were given a chance to find the cure through the Amazing Race. The Amazing Race gave all members of the factions a chance to familiarise themselves with the war zone (NUS) and improved their navigation skills. The cure for the zombie apocalypse was then located at the final location. Celebration ensued as the cure was found through a series of wet games located around the faculty, and the members could also finally reveal their guardian angel identities to one another.

The camp ended with a bang on the fourth day as freshmen displayed their pride and loyalty towards their factions through a final cheer battle. During the prize presentation, they were also rewarded with amazing prizes for their massive efforts throughout the camp. Thanks to the Organising Committee, Orientation Group Leaders and Seniors, NUS Economics Camp 2017 was a huge success. The friendships and memories forged will definitely last for a lifetime!

By Cheryl Lau Li Xuan
The 27th edition of the National Economics and Finance Management Challenge (NEFMC) was held on the 22nd and 29th July 2017, at the Faculty of Arts and Social Sciences, NUS. A total of 52 teams from various pre-tertiary institutions participated. The theme of NEFMC 2017 was “Singapore and the International Economy”.

Serving as an outreach programme of the NUS Department of Economics, and flagship event of the NUS Economics Society (NUS ECS), NEFMC aims to enhance financial literacy and interest in economics amongst pre-tertiary students.

NEFMC 2017 comprised several rounds:

1) Preliminary Round
   Students competed in an Amazing Race and answered 50 MCQs, from which the top 12 teams advanced to the semi-finals. There was also a guest lecture from Mr. Chua Yeow Hwee, instructor in the NUS Economics Department.

2) Semi-Finals
   12 teams were grouped into subgroups of 4 (3 subgroups) and competed against each other to progress to the Grand Finals. The semi-finals consisted of 3 rounds: Think Fast (15 questions in 75 seconds), Jeopardy Round (Teams choose questions from 4 categories, namely Microeconomics, Macroeconomics, Current Affairs and Financial Management, of varying difficulty) and the Buzzer Round (teams buzz in to answer questions in a span of 3.5 minutes).

   The winner of each subgroup progressed to the finals, meaning that 3 teams progressed to the finals. Out of the remaining 9 teams, the top team also progressed to the finals. The remaining 8 teams then underwent a wildcard game to select 1 team to progress to the finals. In total, 5 teams were selected for the finals round.

3) Finals
   Finalists had to give a 10 minute presentation on an allocated topic, compete in the Connections Round (teams are given 4 clues and had to deduce the link between the 4 clues) and in a Buzzer Round.
We were extremely honoured to have been able to invite the following distinguished guests and judges for the finals:

1) Mr. Edward Robinson, Chief Economist of Monetary Authority of Singapore [Guest-of-Honour]
2) Professor Basant K. Kapur, Acting Head of NUS Department of Economics [Guest Judge]
3) Mr. Bernard Wee, Head, Financial Markets Development and Payments and Technology Solutions, Monetary Authority of Singapore [Guest Judge]
4) Ms. Shen Xiaoyin, Head of Legal Department, 701Search Pte Ltd, an international joint venture company between Singapore Press Holdings Ltd, Telenor and Schibsted [Guest Judge]
5) Dr. Kelvin Seah, Advisor to NUS Economics Society and Lecturer, NUS Department of Economics [Guest Judge]
6) Mr. Chua Yeow Hwee, Advisor to NUS Economics Society and Instructor, NUS Department of Economics [Guest Judge]

We would like to congratulate the finalists and prize winners of the competition:

- Champions: Jkurse, Raffles Institution
- 1st Runners-up: Gold Miners, Hwa Chong Institution
- 2nd Runners-up: Ceteris Paribus, Raffles Institution
- 3rd Runners-up: Xyrnical, Hwa Chong Institution
- 4th Runners-up: Ziqiangbuxi, Hwa Chong Institution

Congratulations!

Last but not least, drawing from the experience and feedback we have received, we trust that NEFMC 2017 has successfully stimulated students’ interests in Economics and Financial Management, as well as developed their critical thinking skills on related issues.

See you all next year!
STUDENT EXCHANGE PROGRAMME EXPERIENCES

The man in traditional dress is a Sami, the aboriginals of the arctic.

Cheong Kar Lai
(Year 3, Economics Major)

As a girl and an only child, I have always lived a relatively sheltered life. I was therefore, exhilarated at the prospect of joining the Student Exchange Programme (SEP) once I reached university, as I felt that was my ticket to broadening my perspectives about world issues. Luckily enough, I was offered my first choice of doing a semester at Stockholm University, Sweden, during my third year. With the world embroiled in so much turmoil and xenophobic sentiments, it was a challenge convincing my dad that I would be able to stay safe in such a faraway Scandinavian land that he knew nothing about. Thankfully, I had my family’s full support as I embarked on the six-month journey that changed my life forever.

Sweden is a country that prides itself on its beautiful natural landscapes, gender equality, freedom of beliefs and work-life balance. It is the country that taught me that “fika” can be a good way to increase productivity that one’s gender should never limit our opportunities in life, and that learning can be a lifelong process.

I resided in Campus Lappis, a beautiful set of apartment blocks up on a hill overlooking the university. I was encouraged by my Swedish corridor mates to visit the beautiful beaches and forests surrounding the campus, as well as the botanical garden just a short walk away. Interestingly, I learnt that almost every single plant in the world has been named by the Swedish botanist Carl Linnaeus, the inventor of the universally recognized system of classifying plants and animals. What a beautiful country to produce a man that decided it was important enough to give every living thing a name!

In many aspects, Sweden is actually quite similar to Singapore. With efficient public transportation systems, police officers patrolling everywhere to ensure law and order, as well as good restaurants littered all over the campus as well as in the main city, I instantly felt quite at home. Lectures were conducted in similar ways, with each class being taught based on the style of the professor, although not every class had tutorials. The lack of structure meant that I was taught by engaging professors who made us think out of the box with many real-life scenarios, as well as some professors who just didn’t have a flair for teaching, but had great insights if you read the papers they wrote. It was refreshing to study Economics from a European perspective where tax rates were so high that it would have a very real effect on decisions made in hypothetical scenarios (even if it were not mentioned in the questions). There was a lot more focus on application and how the knowledge pertained to real-life as well.

It is difficult to fit a six-month long learning journey filled with so many lifelong memories within a short reflection like this one. The numerous international friendships I have made, the numerous new experiences I have had, and the countless things I have learnt (both about myself as well as the world) would not have been possible without this amazing SEP opportunity. I am amazingly blessed to also have had the chance to share Singapore’s amazing food and culture with my new international friends by inviting them all for a home-cooked dinner of bak kut teh in my corridor’s kitchen. To all my juniors, I have this advice for all of you: 1) Keep an open mind and 2) Learn to cook! Most of us will only experience university life once so make the most of it and go see the world! It will be completely different as a student!
Chia Cheow Yong  
(Year 3, Economics Major)

I embarked on the Student Exchange Program to Georgia Institute of Technology in Georgia. It was shortly after the U.S. presidential elections and I had my doubts. Many people warned me about the possible dangers in the South, but I decided to go ahead as I thought it would be a good experience.

I would describe this exchange to be an adventure for me – the experience ranged from talking to random strangers on the streets to running away from an active shooter. My friends commented that I have changed since returning from the States. While I did not realize this fact, I am glad that this exchange has made me a better person.

Living in the International House (I-House) was one of the best decisions I have made. It was a great pleasure to interact with people from the U.K., Japan, India, Chile, Spain, Iran and many more. I got to learn the cultures of others and also hear interesting stories from everyone. My Brazilian friend shared with me on the statistics on how often men cheat on their partner, my English friend told me how rich their history is and my American friends showed me how to enjoy life fully. We all live differently since we come from different backgrounds, but that did not stop us from living cohesively as a unit. Here, it was constantly filled with fun, love, laughter and joy!

I joined the freestyle club – Tekstyles. Alongside with them, I co-choreographed with fellow friends and performed for two separate events. I cannot emphasize on how welcoming the dancers were. I got to pick up some of the basic house step. It was pure joy watching people battle and their vibes kept me in awe. A part of me regret not spending more time with them but there was only so much time I had during exchange and there were more to explore.

School was manageable. That is not the point since we had a “gradeless” semester. The key was to be able to interact with your fellow classmates and get to know them better. This is a hasty generalization but most of the people who go on exchange always stuck to the people they know. Initially I was shy (or hesitant) to approach strangers. It took me a while before I started to greet people and make small talks. Stepping out of my comfort zone was not easy but hey, if one took the courage to go for exchange alone, why not step out more?

I am grateful to NUS for granting me this opportunity to go for this exchange and I am thankful to have crossed paths with the people I met. I would encourage anyone reading this to apply for the exchange or summer programmes. Sometimes, you need to take the leap of faith.
Foong Wan Ling Valerie
(Year 4, Economics Major)

I went to UC Davis for a quarter in AY2016/2017 Semester 2. While I do not feel that it was as mind-blowing as most people make it out to be, overall, it was still an enriching experience and I would definitely encourage my peers and juniors to go for it. The following are a couple of things I took away from the short 3 months away from home.

First, adapting to the culture was something I found surprisingly easy. Having lived in Singapore my whole life, I, like many other Singaporeans, have been exposed to many different cultures given the diversity in our country. One thing that stood out was how the people there tend to be more interactive and outgoing – strangers asked me how I was all the time. It soon became a habit for me to simply smile and return the greeting or even initiate one myself.

Second, the weather was something that made me develop a habit of being prepared. It rained a lot in Davis during the winter season, and I always had to make sure that I brought my umbrella and my rain jacket wherever I went – even if it was sunny. There was almost no room for mistake as the campus had no shelters in between buildings, and I definitely did not have the luxury of asking for a ride home from anyone, simply because I didn’t know anyone at the start.

Third, I learnt a lot about myself. I did not think that I would miss Singapore or the people close to me. I did not think that I was capable of cooking for myself (not Michelin-starred but definitely edible), but I survived with tips from my sister. I discovered that I could adapt pretty well to different situations and had to grit my teeth and bear it when things got a bit tough (imagine walking in heavy rain with gusts of wind up to 60 km/h blowing without the shelter of tall buildings).

All in all, going for exchange allows you to experience various things, and everyone’s experience will be unique. If there’s anything I would say to those considering about applying for SEP, it’s this: go for it, enjoy it, learn whatever you can from it, and above all, use these invaluable experiences to enhance the way you think and do things.
Lim Yong Liang  
(Year 3, Economics Major)

After doing a semester in Lund University during its winter season, I cannot express how much Sweden had been an amazing and eye-opening experience for me. Being on exchange allowed me to step out of my comfort zone and experience life on a foreign land for the first time. This exchange programme has no doubt opened up my mind and horizon but also made me much more independent.

Being in Lund was a very different experience from Singapore, as the city was not as bustling and crowded – especially during winter, everyone preferred staying in their warm homes. Student life was slower-paced and there were fewer lectures and tutorials, as the university promotes the culture of self-learning. Most modules over in Lund involved a group project and it was a refreshing experience to be in a group with students from different countries. My groupmates would offer different and interesting ideas to the project. An interesting difference between the academic systems would be how students are graded based on either a take-home examinations or a 5-hour written examination, which makes the examinations less stressful as we are given much more time as compared to NUS. Outside of the school curriculum, students also join nations which are like CCAs in NUS. The nations would organise a vast variety of programmes for the students to participate, including: Board games night, Sushi night, Movie night, Songbook celebrations and a themed formal dinner, also known as ‘Sittning’. It has been a fun time as we would get to interact and make friends with exchange students from different countries and this allowed me to gain knowledge of the culture and what is there to expect in these countries.

Aside from student life, the Student Exchange Programme (SEP) has allowed me to experience the different seasons and also to explore Europe. We participated in snowball fights, skiing, and had bonfires as part of the celebration for the arrival of spring. These are activities that we would not get to do back in Singapore. During my time in exchange, I got to travel to different European countries and it was really the time of my life when I was able to watch a live football match in London instead of watching it over an online stream. Europe boasts a wide variety of castles, cathedrals and also breath-taking nature and there was never a time where I had nothing to do.

All in all, student exchange opportunity has definitely made me grow as a person as I got to learn more about myself and also about the world. Living by myself made me cherish the little things back at home such as the home-cooked food which I always took for granted. It has also allowed me to be more independent and also see what’s on the other side of the world. This experience would definitely push me to work harder for the next opportunity to visit Europe again and I would definitely recommend all students to participate in the student exchange programme.
Staff Activities

The Social Sciences Research Council has awarded Professor Ivan Png a five-year grant of $4.74 million for research into service productivity. The SPIRE (Service Productivity and Innovation Research Programme) project responds to the national productivity challenge, particularly in service industries. The inter-disciplinary project draws on scholars with diverse expertise including data analytics, optimisation, stochastic modelling, applied microeconomics, and behavioural science. SPIRE will advance new scientific knowledge in the related disciplines and develop cost-effective and scalable strategies to raise productivity across multiple industries, including supermarkets, logistics, car-sharing services, and healthcare. SPIRE is collaborating with partners in the public and private sector, including the Ministry of Trade and Industry, Public Service Division, SingHealth, Yamato Asia, and Sheng Siong.

Dr. Kelvin Seah appeared on current affairs programme, Talking Point, where he shared his views on the costs and benefits of receiving either a polytechnic or a junior college education. Dr. Seah was recently made a member of the Asian and Australasian Society of Labour Economics (AASLE) conference scientific committee. The conference will bring together applied economists from around the world and will be hosted by the Australian National University’s Research School of Economics in Canberra, Australia, from 7th to 9th December 2017.

Staff Appointments

Dr. Chen Chaoan (PhD, University of Toronto) joined the Department as Assistant Professor with effect from 31st July 2017.

Dr. Jordan Roulleau-Pasdeloup (PhD, CREST, Paris School of Economics) joined the Department as Assistant Professor with effect from 1st August 2017.

Newspaper Articles

Faculty members of the Department of Economics contributed the following articles to the “ASK: NUS ECONOMISTS” column in the Straits Times.


“Immigrants Outdo Native Students in Studies”, Dr. Kelvin Seah, The Straits Times, Opinion, 14 June 2017.


“How to Decide Whether to Get a Degree or Start Work”, Dr. Kelvin Seah, The Straits Times, Opinion, 8 March 2017.

“Which industries are vulnerable to the ‘sharing economy’?” Prof. Ivan Png, The Straits Times, Opinion, 8 February 2017.


The following are further articles in the Straits Times that covered the views and work of faculty members of the Department.

“S’pore research: Key is access to info”, Prof. Ivan Png, The Straits Times, 7 June 2017.


Bundle of Joy…..!

Congratulations to…
Mr. Chua Yeow Hwee and his family on the arrival of their baby boy, Caleb Chua on 29th June 2017.

Announcements

Congratulations to…
Associate Professor Lu Jingfeng, promoted to a full Professorship.

The Department of Economics’ seminars (http://www.fas.nus.edu.sg/ecs/events/seminar.html) are usually held on Tuesdays and Thursdays, from 4.00 pm – 5.30 pm. All seminars are held at the Lim Tay Boh Seminar Room (AS2 03-12), unless otherwise mentioned.

To join the mailing list:
NUS users – https://groups.nus.edu.sg/NUSgroups/join.asp?groupname=ecs-seminar
Others – mailto:administrator@groups.nus.edu.sg

Seminar Series

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Stay In Touch

We would like to express our sincere appreciation to all those who have contributed to this issue of ECONews.

We welcome your contributions on teaching, research and learning topics, as well as feedback on this issue. Please write to ecsnews@nus.edu.sg.

Do we have your correct name and address? Would you like us to send a copy of ECONews to your friends/colleagues? Please fill in the form below and fax or email it to us.

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