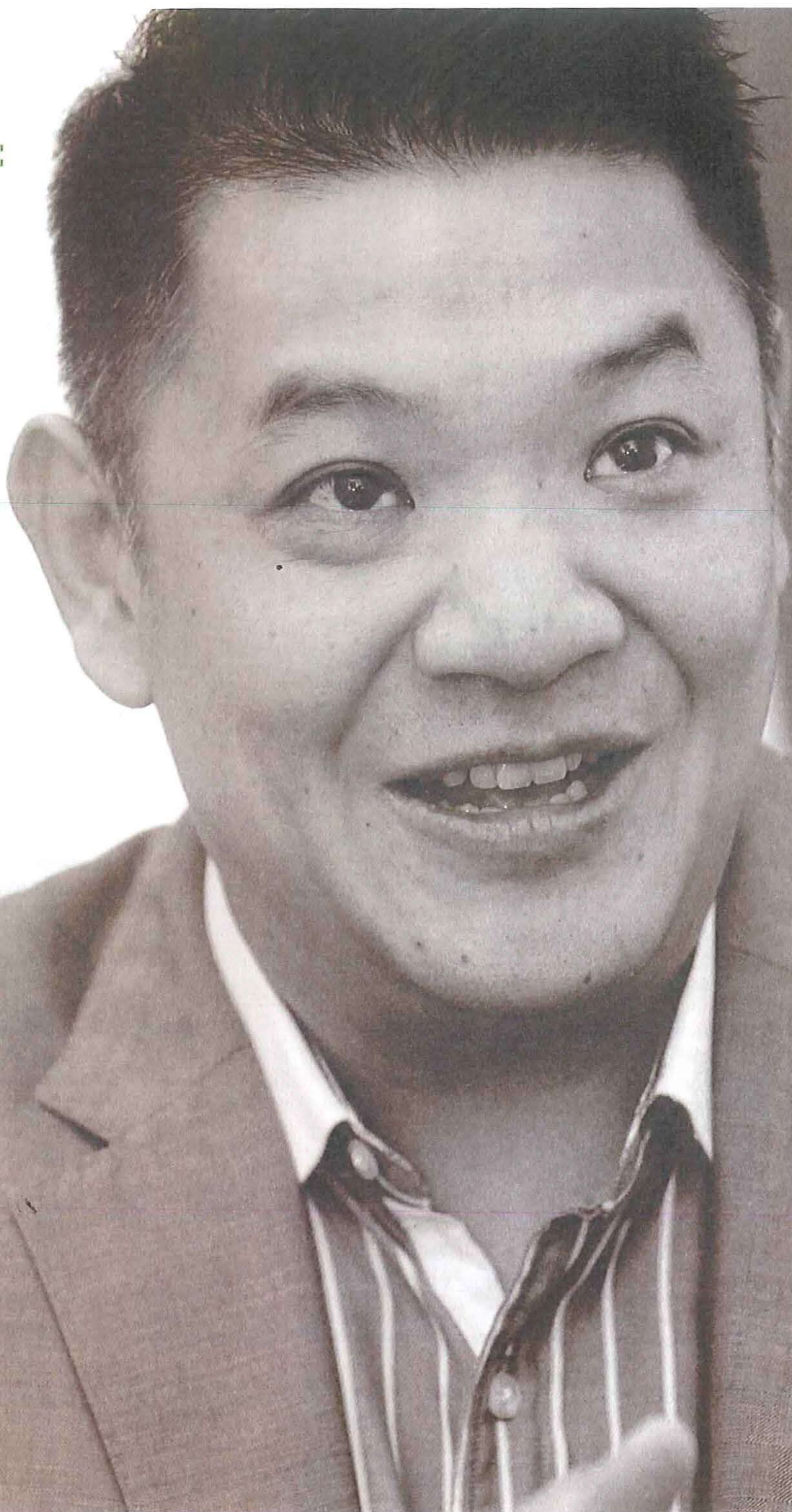"WHEN WE'RE ABLE TO PROVIDE CUSTOMERS WITH FLEXIBILITY, THEY'LL BE WILLING TO SET ASIDE MORE OF THEIR FUNDS FOR PRECIOUS METALS"

TARGETING THE MASS MARKET

Looking into bullion but worried about storage, insurance or the impending Goods and Services Tax on your investments? A Singapore setup provides a viable solution. *By Emily Chow*

When Malaysian Victor Foo started up Singapore Precious Metals Exchange (SGPMX) in July 2013, it was with the intention of making gold and silver bullion more accessible to the masses. Foo's exchange was the first of its kind in terms of the services offered, and he aimed to hit the US$100 million ($125.6 million) turnover mark within a year.

Today, SGPMX has over 10,000 retail customers globally, and another 5,000 from the exchange. Earlier this year, it cemented a partnership with American bullion refiner Scottsdale Mint as its broker in North America, and looks towards forming more partnerships worldwide to reach its turnover target.

"We're almost there, but growing the company is about having the right partners. Reaching the US$100 million mark can be done only by leveraging with the right people, like Scottsdale," says Foo. "I believe by the end of July, all [the] partnerships will be in place."

SGPMX is a physically backed, peer-to-peer exchange offering a one-stop platform for bullion investors to buy, trade or store their investments. Exchanges can be made only if the bullion has been bought via, and then deposited at, SGPMX's vault, and customers first need to fund their account to ensure a smooth and instant transaction.

Its independent advisory board members include gold expert James Sinclair and former Bursa Malaysia CEO Dato Yusli Yusoff. The exchange's minimum transaction amount is US$1,000.

"We put it at US$1,000 because we want to share this opportunity with everyone regardless of social standing and economic status. [Comparatively,] if you walk into any commercial bank today, the minimum [entry amount] for a fixed deposit is RM5,000," says Foo.

He began his business as a bullion retailer and customers would invest, on average, RM5,000 in bullion. With the additional services SGPMX now offers, he adds, the amount has increased, gaining traction in North and South America, Australia and Japan.

"With the launch of the exchange, this amount jumped to RM25,000. People are now willing to allocate more of their money [to precious metals], as there are more services. When we're able to provide customers with flexibility, they'll be willing to set aside more of their funds for precious metals," Foo says.

SGPMX has vaults with Singapore security services company Certis Cisco and Singapore Freeport storage. For an annual storage fee of 0.5%, including insurance, all bullion pieces stored at the vaults are fully segregated and allocated to the individual owners, who can also request to view their bullion. Paying for such services makes more economical sense as well, rationalises Foo, referring to the hefty charges involved when storing bullion at home.

"If you want to insure any amount of gold or silver at home, you probably have to spend some money on a sizeable safe and put in an alarm system — it will cost you to set it up — and the premiums would be about 5% a year. It's not conducive and most people cannot afford it.

"[With SGPMX] whatever you buy [and keep with us] is fully accounted for; there is no sharing and we don't unitise our storage. If you have eight items to store, we store them for you in eight different permutations. We also have an audit-on-demand service whereby you can request an independent audit specifically for your account. Should you be in Singapore, all we need is 24-hour security clearance and you can come see your bullion at the vault as well."

In a day and age when secured and authentic investments are of utmost concern, a value-added service investors get, apart from security and insurance, is certification via a paper trail that SGPMX tracks.

"When you want to liquidate [your bullion], a receipt or certificate doesn't [necessarily] make it authentic. Our system