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Singapore Pools' dilemma: Too much business may not be a good thing

Curbing illegal online gambling and ensuring Pools stays resilient are chairman's top priorities



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At Doon School, a residential institution in the Himalayan foothills that is often referred to as the Eton, or Andover, of India, boys, many of whom come from elite business, civil service or erstwhile princely families, are taught that they belong to an aristocracy of service.

Since the 1930s, "Doscocs" have regularly gone out to do work in villages in the Dun valley and always extended a helping hand to people across India affected by the earthquakes, landslides and floods that regularly strike the nation.

Social service hours – Socially Useful Productive Work as it is labelled – are mandatory. Doon's pioneering efforts in this regard influenced the Indian government's decision to introduce the concept of social service into the education system.

It was inevitable, therefore, that Kaikhushru "Kai" Nargolwala, the future chairman of Singapore Pools who emerged from Doon's Class of '66 to build a highly successful career in financial services, should have been thus influenced.

"When I retired from a full-time corporate career in 2010, I went on several boards including Singtel," says Mr Nargolwala. "Since I am a naturalised Singaporean and hadn't done National Service, I always carried a sense that I should try to give back if possible through the areas of my expertise. So, when the offer to be chairman of Singapore Pools came I was very happy to take it on."

Mr Nargolwala, who took Singapore citizenship in 2011 – he held a British passport previously – said Pools appealed to him as a challenge because in many ways its founding principle was not dissimilar to Singapore's own approach: accept the world the way it is rather than sitting back and wish it to be different.

Back then, it wasn't uncommon for bookies to be spotted hanging around street corners to ensnare people; if people were going to gamble, therefore, best manage it then through a combination of enforcement and opportunities for them to do so in a safe and responsible way.

That approach endures, even as society and government face new challenges through an explosion in the illegal market for gambling. Part of this boom, says Mr Nargolwala, is black or fully illegal. And part of it is a grey market – as when Singaporeans gamble through betting operators that function legally elsewhere even as they are outlawed here.

"It has all moved online, and become much harder to stop," he says. "Their reach into our population is much more than in

the past. The illegal gambling market in Singapore could be as much as \$10 billion – about as much as the legal market. It is a constant struggle to keep the illegal part as small as possible – a lot of people in Singapore will tell you that they gamble with Pools, but also with the illegals."

A spokesman for the Gambling Regulatory Authority recently told The Sunday Times that it has blocked access to more than 1,900 remote gambling websites and more than 260 bank accounts as at September. It has also worked with financial transaction providers to block close to 115,000 credit card transactions between January 2017 and September 2023.

One reason why people gamble illegally, of course, is that Pools does not offer some products; wagers on tennis, for instance.

But the bigger reason is the march of technology – virtual private networks, for instance, help people access sites that local authorities may have blocked.

In revenue terms, the lottery business is the biggest part of Pools' turnover, which was \$11.4 billion in its last financial year. Singapore Pools offers the six-out-of-49 lottery game Toto, Singapore Sweep seven-digit sweepstakes, and the 4-D lottery game.

That's followed by sports betting – primarily done online. The Covid-19 pandemic and its lockdowns helped accelerate online betting, and emerging from the pandemic, World Cup football brought more business.

Pools prefers people to bet through registered accounts because, says Mr Nargolwala, it provides more visibility on who is betting and how much, whereas there is no telling about the background of people who walk into its outlets.

"If we feel they are going in the wrong direction, we can (step in) and nudge them towards safer behaviour, and gamble responsibly," he says. "With walk-ins, on the other hand, we cannot tell if they are spending too much on gambling. About 50 per cent of the business now comes through online."

Between 2020 and 2022, the number of problem gamblers seeking help from different agencies numbered about 800 to 1,000 each year. Around half of those who made a declaration had participated in illegal online gambling.

"The overall problem gambling in Singapore is roughly 2 per cent," Mr Nargolwala says. "That is a relatively low number. What we do not know is how much of that 2 per cent is caused by Pools, and how much by the two casinos and others."

Horse racing in Singapore will end in 2024, but Pools is not overly concerned about losing business from it because, says Mr Nargolwala, it already livecasts some 17,000 races in a year from around the world. Whatever shortfall there might be can be easily made up by adding races from elsewhere.

Funds from Singapore Pools helped build Kallang Stadium, Singapore Indoor Stadium and Esplanade and I am curious what new landmarks could come up with its help. A worthy investment, for instance, I suggested, could be a world-class cricket stadium that could lure some of the hugely lucrative global sport to be played here, while also providing a huge boost to the tourism industry.

"In the early days, Pools used to do the distribution of the profits it generated," says Mr Nargolwala. "Now, Tote Board is the one that does the giving. In a way that



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does create a brand issue (for us) – we are seen as the sinners!"

He says his priorities as chairman are broadly twofold: try to reduce the spend on illegal online gambling, and make sure Pools stays resilient – a cyber attack on the company, for instance, could turn very messy.

The recent arrests in Singapore of Chinese nationals and ex-Chinese nationals armed with passports of other nations have highlighted the scourge of illegal gambling in Asia. What has Pools learnt from all that?

Mr Nargolwala says there were no direct implications for Pools because the money it earns is a tiny proportion of what the scammers were allegedly making.

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The chairman

Mr Kaikhushru Shiavax Nargolwala is chairman of Singapore Pools. He also serves on the board of PSA International and chairs the boards of 65 Equity Partners and Pentagreen Capital. He was recently appointed to the board of Manipal Health Enterprises in India. He is 73 years old.

Mr Nargolwala was previously the Asia-Pacific CEO for Credit Suisse. He joined Credit Suisse in 2008 after two decades at Standard Chartered Bank, to whose board he was appointed in May 1999.

Prior to Standard Chartered, Mr Nargolwala worked for Bank of America for 19 years in senior management roles in Europe, the US and Asia.

Subsequently, he served on the boards of Credit Suisse Group, Prudential, Singtel and Tate & Lyle. He also was the founding chairman of Clifford Capital Holdings, a company guaranteed by the Singapore Government. Among other significant appointments, he has served as chairman of the Duke-NUS Medical School governing board.

Mr Nargolwala is a Fellow of the Institute of Chartered Accountants in England and Wales as well as the Singapore Institute of Directors. Educated at The Doon School, Dehradun, he has a BA (Honours) in Economics from the University of Delhi and is a Singapore citizen.

Mr Nargolwala was awarded the Public Service Star (Bintang Bakti Masyarakat) at the National Day Awards 2019.

He is married to Aparna, who is, like him, the child of a senior Indian civil servant.

between 2008 and October, 2010, when he was named non-executive chairman for Asia. He was appointed a non-executive director to the group's board in 2013. Mr Nargolwala left the Credit Suisse group board in April 2022.

This June, Credit Suisse was folded into UBS to prevent a scandal-filled collapse that might have rattled the global financial industry.

How does he look back on Credit Suisse's demise?

Credit Suisse, being a combination of two banks since 1988 – Credit Suisse and First Boston – always had a culture clash between the Swiss and American ways of doing things, particularly after their full integration in 2006, he explains.

Over time, because of the boom in the securities markets, the investment bank became the centre of gravity. This clash between the very relationship-oriented wealth management and the highly transactional world of investment banking contributed to its undoing.

"I left the year before it imploded. I felt it wasn't ready to make the dramatic changes I felt were necessary. A confluence of factors pushed the bank into a very significant crisis," he says.

Mr Nargolwala is a Parsi, a descendant of Zoroastrian Persians who settled in India in the 10th century. The community has had a presence in Singapore since the 19th century.

Former minister George Yeo, acknowledging both the business acumen and the philanthropy of Parsis, once noted that "they have always sweetened the milk that is their host".

Looking back, Mr Nargolwala says the philanthropic instinct was ingrained from early days.

Earning £750 a year during his accountancy articleship in Britain, with half of that amount going towards rent, he would nevertheless fork over £5 a month to a charity for the blind.

As his career blossomed in the financial services industry, so did the giving part, he says, and today that includes a variety of causes, including diabetes research and funding the education of poor children in Singapore and in India. A charity he funds in Dehradun, where Doon School is located, takes in street children, feeding and educating them.

He and his wife Aparna have no children and have willed their entire fortune – which includes a sumptuous bungalow in White House Park – to charities.

"If we create a culture in Singapore of regular giving – even in small amounts – it would be a good thing," he tells me. "The young are more philanthropy-minded today than (they were in) my generation."

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