Integrity Shocks: 1MDB and the 2023 Money Laundering Case: Comparison with Geneva

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Two centres, the same bank

The 1MDB case links the two centres directly. BSI, the Ticino private bank that MAS closed in Singapore, was also the subject of a FINMA decision of 24 May 2016, the same day as the Singapore announcement, which found serious deficiencies in its controls on money laundering and confiscated profits. Falcon was sanctioned by FINMA on 11 October 2016, again on the same day as MAS, with the confiscation of 2.5 million Swiss francs and a three-year ban on new relationships with foreign politically exposed persons.[1] The synchronised dates show close coordination between the two supervisors.

The outcomes differed. In Singapore both banks lost the right to operate. In Switzerland BSI was absorbed by EFG International, while Falcon kept its licence under the threat of withdrawal. The Swiss supervisor, which has no power to impose fines, relied on the confiscation of profits and on restrictions of activity.[2]

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MAS could impose penalties directly and withdraw the merchant bank status of a branch without the procedural weight that withdrawing a Swiss banking licence entails.

Different instruments

The comparison reveals two styles of enforcement. FINMA acts through administrative proceedings that lead to declaratory findings, confiscations and orders, while criminal sanctions against institutions require proceedings by the Office of the Attorney General. The Geneva volume describes how the Federal Criminal Court convicted Credit Suisse in 2022 for organisational failings that had allowed the laundering of funds of a criminal organisation.[3] MAS, by contrast, combines in one authority the powers to inspect, to penalise through compositions and civil penalties, to bar individuals and to withdraw licences, as Chapter E.I shows.

The Singapore approach is faster and more visible. The Swiss approach offers greater procedural protection and places the most serious sanctions in the hands of courts. Both centres converged on the same substantive standard: thorough due diligence on politically exposed persons, corroboration of the source of wealth and personal responsibility of senior managers for the control environment.

Hong Kong and Dubai

Hong Kong was drawn into the case through the Asian arm of Goldman Sachs. On 22 October 2020 the Securities and Futures Commission reprimanded Goldman Sachs (Asia) L.L.C. and fined it 350 million US dollars for control lapses that had contributed to the misappropriation of part of the bond proceeds.[4] Dubai offers a sharper contrast. The United Arab Emirates were placed on the FATF list of jurisdictions under increased monitoring in March 2022 and removed in February 2024, after reforms that included a stronger supervision of real estate and precious metals.[5] Singapore has never been on that list. Its reputation suffered in 2016 and 2023, although its defences held well enough for the FATF to describe them as robust in 2026.

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What the comparison shows

The comparison yields three observations. First, the integrity of a financial centre is tested at the level of individual relationships. In Geneva as in Singapore, the scandals began with a banker who accepted a client whose wealth he could not explain and with a bank that failed to stop him. Laws and supervisory structures matter, while the decisive moment remains the opening of an account.

Second, the speed and visibility of the response shape the reputation of a centre as much as the misconduct itself. Singapore closed two banks within five months of each other in 2016 and brought the ten suspects of 2023 before a court on the day after the raids.[6] Such decisiveness reassures foreign counterparties that the authorities will act. The Swiss system, with its division of labour between FINMA, the prosecutors and the courts, often reaches comparable results more slowly and with less public impact.

Third, both centres have moved towards personal accountability. FINMA has made the culture of compliance a responsibility of the governing bodies of banks, as the Geneva volume shows. MAS has reached the same point through prohibition orders and reprimands against senior managers, which Chapter E.I describes in its general framework. For a banker in either city, the consequence is the same: the acceptance of a doubtful client is a decision for which he or she may answer personally.

In figures

Money diverted from 1MDB according to the United States: more than US$4.5 billion. Assets seized in Singapore in the 1MDB investigations: about S$240 million, of which S$15.3 million ordered to be returned to Malaysia in September 2018. BSI Bank: closure announced 24 May 2016, penalties of S$13.3 million for 41 breaches. Falcon Bank: closure 11 October 2016, S$4.3 million for 14 breaches. Penalties in the 1MDB review: S$29.1 million on eight banks. Raids of 15 August 2023: ten persons arrested. Assets seized or prohibited from disposal: more than S$3 billion. Sentences of the ten: 13 to 17 months. Forfeited by the ten: more than S$940 million. Surrendered by fifteen absconded suspects in November 2024: about S$1.85 billion.

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Inter-Ministerial Committee: set up November 2023, report 4 October 2024. Penalties of 4 July 2025: S$27.45 million on nine institutions. FATF mutual evaluation report: published 6 May 2026, regular follow-up.

Notes

1. Ressos, *Genève, place financière internationale*, partie H, chapitre IV, note on the 1MDB affair: FINMA decision of 24 May 2016 against BSI; FINMA release of 11 October 2016 against Falcon, confiscation of CHF 2.5 million, three-year ban on new relationships with foreign politically exposed persons, transactions of about US$3.8 billion linked to the Malaysian fund. ↩
2. Ressos, *Genève, place financière internationale*, partie E, chapitre IV, section « La FINMA et l'application du droit »: FINMA's instruments are precautionary measures, restoration of compliance, declaratory rulings, industry bans, publication, confiscation of profits, withdrawal of the licence, liquidation and bankruptcy; it "ne dispose pas du pouvoir d'infliger des amendes aux établissements". ↩
3. Ressos, *Genève, place financière internationale*, partie H, chapitre IV: judgment of the Federal Criminal Court of 27 June 2022, fine of CHF 2 million against Credit Suisse for organisational deficiency in connection with money laundering by a Bulgarian criminal organisation. ↩
4. Attorney-General's Chambers, Commercial Affairs Department and Monetary Authority of Singapore, joint media release, 23 October 2020 (mas.gov.sg, accessed November 2026): on 22 October 2020 the SFC reprimanded and fined Goldman Sachs (Asia) L.L.C. US$350 million for control lapses that contributed to the misappropriation of 1MDB bond funds. The SFC's own release not consulted. ↩
5. FATF, statements on jurisdictions under increased monitoring, March 2022 and February 2024, on the listing and delisting of the United Arab Emirates. ↩

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6. Wikipedia, “2023 Singapore money laundering case” (accessed November 2026): the ten arrested on 15 August 2023 were charged in court on 16 August 2023. ↩

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