Indonesia and Malaysia: The Near Neighbours: summary

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Singapore's relationship with Indonesia and Malaysia combines geography, history and finance more closely than any other relationship of the financial centre. Indonesian families hold a large part of their wealth in Singapore, as the amnesty of 2016–2017 revealed when Rp 751.19 trillion of declared foreign assets turned out to be held there, while only a fraction was brought home. Cross-border zones in the Riau Islands since 1989 and in Johor since the agreement of 7 January 2025 have made Singapore a partner in the industrial and digital development of its neighbours, although Forest City now competes for family offices with a zero tax rate. The amnesties of Indonesia and Malaysia, together with the automatic exchange of information and the extradition treaty in force since March 2024, have turned a business once partly built on concealment into one that must rest on service, performance and legal security. Proximity remains both opportunity and risk, since the capital controls of 1998, the 1MDB affair and the recurring haze show how directly the policies, crimes and crises of the neighbours reach the financial centre.

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