Lessons for a centre built on trust

Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland and Germany),
Solicitor (England & Wales and Hong Kong)
Of Counsel, KGP Legal LLC
alexander.ressos@kgplegal.com.sg
www.ressos.com.sg

Money as a promise

The occupation demonstrated that money is a promise whose value depends on the credibility of the issuer. The banana note promised nothing, since it carried no backing, often no serial number and no undertaking to redeem. Its value rested on Japanese military power and on the control of markets. As soon as that power was seen to be waning, the notes lost value with every defeat at the front. The pre-war currency, by contrast, rested on a reserve held in London and on the expectation that its issuer would return. People who held it in secret, at the risk of their lives, kept its value.

Few financial centres have learned this lesson as directly. The generation that built the institutions of independent Singapore had lived through the occupation as young adults. Lee Kuan Yew, who later recalled his own narrow escape from the Sook Ching screenings, spoke at the "blood debt" rally of 1963 while the government also weighed the importance of Japanese investment.[1] The monetary policy of independent Singapore, which Chapter C.V examines in connection with the founding of the Monetary Authority of Singapore, can be read in part as an answer to the experience of 1942 to 1945.

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

Full backing and the Currency Act

After separation from Malaysia, Singapore retained a currency board, implemented from 1967 by the Board of Commissioners of Currency, Singapore, under a system in which the currency was fully backed by external assets and convertible at a fixed rate. Singapore later moved away from a fixed exchange rate, while the Board merged with the Monetary Authority of Singapore in 2002. One feature of the old system survived the merger. In the words of the minister who introduced the merger legislation, currency in circulation "will continue to be fully backed by external assets at all times", a principle that "has contributed to confidence in the Singapore dollar".[2]

Most central banks manage a sound currency without full backing. Its retention in Singapore reflects a preference for visible and verifiable guarantees over discretionary assurances. A population that has seen paper money printed without limit by an occupying power values a rule that ties the issue of notes to assets held abroad. The large official reserves that Singapore accumulated after independence, managed by the Monetary Authority and by GIC and examined in Chapter D.I, express the same preference on a larger scale.

Total Defence and the memory of 1942

The memory of the occupation also entered the defence doctrine of the state. Total Defence was proclaimed as Singapore's overarching defence strategy on 22 January 1984. It drew on the national defence strategies of Sweden and Switzerland and originally comprised five pillars: military, civil, economic, social and psychological defence. A sixth pillar, digital defence, was added in 2019. Total Defence Day is observed on 15 February. Since 2015 the public warning sirens have sounded at 6.20 in the evening, the time of the surrender in 1942.[3]

Economic defence covers the efforts of the government to sustain the economy in a crisis, including the stockpiling of essential supplies.[4] For a financial centre, the concept extends to the resilience of payment systems, the continuity of banks and the safekeeping of records. The Swiss influence on the doctrine adds a link between

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

the two volumes. A small state with a large financial sector learned from another small state that national survival requires the economy and the population to be prepared, as well as the army.

Trust as an institutional asset

The occupation also showed the limits of trust based solely on personal relationships. The networks of clan and dialect that sustained the black market in pre-war currency could protect individuals. They could not protect the community against an army that demanded its wealth at gunpoint. The leaders who signed the lien of June 1942 had the highest standing in their community, which made them the obvious targets of extortion. After the war, the institutions of the colonial state, and later of the independent republic, took on the role of guaranteeing property and the value of money. Chapter F.I examines how the rule of law became, in Singapore, an element of economic infrastructure.

The experience further explains a particular sensitivity of Singapore to geopolitical risk. A centre that had once been conquered within weeks, and whose currency had been replaced overnight, could not take its security for granted. The strategy of balancing between the great powers, examined in Chapters F.IV and K.V, and the emphasis on reserves, defence and diversified partnerships, reflect that memory. For private clients the lesson took another form, because families who had lost wealth in 1942 diversified across jurisdictions and asset classes, a habit that Chapter E.III encounters again in the structures of modern family offices.

Checklist: occupation-era legacies in today's practice

- Treat assets, records and title documents from the period 1942 to 1945 with caution, since transactions in occupation currency may have been revalued by the Debtor and Creditor (Occupation Period) legislation or by later court decisions.

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

- Check the chain of title of real property and corporate shares that changed hands during the occupation, in particular where enemy property was seized, sold or later restored.
- In family histories and wealth structuring, record the origin of assets that were moved abroad or hidden during the war, since provenance questions can arise generations later.
- In business continuity planning, keep duplicate records and assets in more than one jurisdiction, following the precaution that OCBC took before the occupation.
- In assessing currency and sovereign risk, distinguish the transaction function of money from its store-of-value function, which the banana note lost long before it lost its use in daily payments.
- Treat the full backing of the Singapore currency and the size of the official reserves as part of the institutional case for the financial centre, while recognising that they rest on statutory and political choices that can change.

Notes

1. Henedick Chng, "Why 'Syonan-to' is still painful", *Mothership*, 18 February 2017: Lee Kuan Yew spoke at the rally, described his narrow escape from the Sook Ching massacre and said the government backed the demand even though it could make attracting Japanese investment harder. ↩
2. Ministry of Finance, Second Reading Speech by Lim Hng Kiang on the Currency (Amendment) Bill 2002, Parliament, 22 July 2002: "BCCS was set up in 1967 to implement the currency board system, which Singapore then practised"; under that system "the exchange rate was fixed between the domestic currency and a specified foreign currency". Monetary Authority of Singapore, "History of Currency in Singapore", mas.gov.sg (accessed November 2026): Singapore dollar notes and coins were issued by the Board of Commissioners of Currency, Singapore, which merged with the Monetary Authority of Singapore in 2002; from 1967 Singapore, Malaysia and Brunei

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

issued their own national currencies. Ministry of Finance, Second Reading Speech by Lim Hng Kiang, 22 July 2002, paras 5 and 10: "Currency-in-circulation will continue to be fully backed by external assets at all times"; the full backing "has contributed to confidence in the Singapore dollar"; the new Currency Fund "would continue to provide at least 100% backing for the currency-in-circulation at all times". ↩

3. Wikipedia, "Total Defence (Singapore)" (accessed November 2026): officially proclaimed on 22 January 1984 with five pillars (military, civil, economic, social, psychological); drew on the strategies of Sweden and Switzerland; digital defence added as the sixth pillar in 2019. Wikipedia, "Total Defence (Singapore)" (accessed November 2026): Total Defence Day is commemorated on 15 February; the siren time was moved from 12.05 pm to 6.20 pm in 2015 to match the time of the 1942 surrender. ↩
4. Wikipedia, "Total Defence (Singapore)" (accessed November 2026): economic defence covers government efforts to sustain the economy, including stockpiling essential supplies. ↩

Disclaimer

This article is provided for general information only. It is based on publicly available sources as at its date of publication. These sources have not been independently verified against licences, regulatory registers or the records of the entities concerned. It is not legal, tax, financial or investment advice. Nor is it a recommendation to invest in, transact with or use the services of any entity mentioned. Law and regulation change frequently, so the content may be incomplete or outdated. To the fullest extent permitted by law, Dr Alexander Ressos and the publisher of SingaporeIQ exclude all liability for loss or damage arising from the use of or reliance on this article. Readers should obtain advice on their specific circumstances before acting or refraining from action.

Names and trademarks of the entities discussed belong to their owners and are used for identification only. Their mention implies no endorsement, affiliation or allegation of wrongdoing. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. Corrections and updates: contact@ressos.com.

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

© 2026 Dr Alexander Ressos. This article may be quoted with attribution to SingaporeIQ (SingaporeIQ.com). Reproduction in full and any commercial use require prior written consent. The Legal Terms at https://singaporeiq.com/legal-terms apply.

Author contact: Dr Alexander Ressos, TEP · contact@ressos.com

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.