Reputation as a regulatory objective

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Trust as an asset of the state

Singapore treats the reputation of its financial centre as a public asset, comparable to its currency or its port. The Inter-Ministerial Committee opened its report with the sentence that trust is "the cornerstone of a sound financial centre and business hub".[1] The National Anti-Money Laundering Strategy, published later the same month, states that the fight against illicit flows reinforces Singapore's reputation as a trusted international financial centre.[2]

The reason lies in Singapore's situation. A small state without natural resources depends on the willingness of foreign businesses and foreign governments to trust its institutions. A loss of that trust would affect correspondent banking, the willingness of regulators abroad to cooperate and the decisions of the legitimate businesses that make up most of the centre. The cost of a reputation for dirty money would therefore fall on the whole economy, well beyond the institutions involved.

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Promotion and supervision in one authority

The two shocks also tested a feature of the Singapore system that Chapter C.V described. MAS is both the supervisor of the financial sector and an agency charged with developing it. Critics see a conflict of interest, since a regulator that courts wealth may be reluctant to discipline the institutions that bring it. The record of the two cases points the other way. In 1MDB, MAS closed two banks and penalised six others, including the largest local bank. In 2025 it penalised the UOB group, one of the three local banking groups, together with some of the most prominent international private banks.

The statutory structure supports this choice. Under the MAS Act, as Chapter E.I explains, the development of the financial centre is subordinate to its soundness. The cases show that MAS has applied that hierarchy when it mattered. They also show the limits of supervision. In both cases the misconduct had continued for years before it was detected.

The FATF evaluation of 2026

The external test came with the mutual evaluation by the Financial Action Task Force. The previous evaluation in 2016 had found a strong legal and institutional framework.[3] The report of the fifth round, published on 6 May 2026, found that Singapore has "a robust and effective framework and process to counter money-laundering". It placed Singapore under regular follow-up, the procedure for members that have performed well, which MAS described as an improvement on the results of 2016.[4]

The FATF also identified areas for improvement. Awareness of proliferation financing risks could improve in certain sectors, among them the representation offices of foreign flag States. Singapore could also strengthen its risk mitigation measures for foreign legal persons and foreign legal arrangements.[5] The second point bears directly on the case of 2023, in which foreign companies played a central role, and on the trust structures that Chapter E.IV examines.

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The costs of vigilance

A stricter regime has costs. Onboarding takes longer, files grow thicker and some legitimate clients find the demands intrusive. The Government has acknowledged the tension openly, as the Committee's insistence on a risk-based approach shows. The present balance seeks to apply the heaviest scrutiny to clients whose wealth is large, recent and difficult to explain, while allowing ordinary clients to be served in a reasonable time.

The family office incentives examined in Chapter E.III were the most visible point of tension. The rapid growth of single family offices had brought substantial new wealth to Singapore, while the raids of 2023 turned public attention to the checks applied to the founders of such offices. Chapter E.III describes how the conditions of the incentives have developed. The episode illustrates the general lesson of this chapter. A centre that promotes itself to the wealthy of the world must expect some of them to test its defences. Its reputation then depends on how it responds.

Notes

1. Inter-Ministerial Committee on Anti-Money Laundering, *Report*, October 2024, Foreword: "Trust is the cornerstone of a sound financial centre and business hub." ↩
2. Monetary Authority of Singapore, *National Anti-Money Laundering Strategy*, 30 October 2024, Chapter 1: the strategy addresses illegal activities and illicit fund flows and "reinforces Singapore's reputation as a trusted international" financial centre and business hub. ↩
3. Inter-Ministerial Committee on Anti-Money Laundering, *Report*, October 2024, box "What is the Financial Action Task Force?": in its 2016 Mutual Evaluation, the FATF assessed Singapore "to have a strong legal and institutional framework to fight money laundering and terrorism financing". ↩
4. Monetary Authority of Singapore, "Singapore has a robust framework for combatting financial crime, according to international body", media release, 6

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May 2026 (mas.gov.sg, accessed November 2026): the FATF found that Singapore has "a robust and effective framework and process to counter money-laundering"; Singapore placed on regular follow-up, an improvement on its fourth-round results in 2016. ↩

5. Monetary Authority of Singapore, "Singapore has a robust framework for combatting financial crime, according to international body", 6 May 2026: areas for improvement concerning awareness of proliferation financing risk in sectors such as representation offices of foreign flag States and risk mitigation for foreign legal persons and foreign legal arrangements. ↩

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