Supervisory action by the Monetary Authority of Singapore

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

The closure of BSI Bank

On 24 May 2016 MAS announced that it was withdrawing the status of BSI Bank Limited as a merchant bank in Singapore. It cited serious breaches of anti-money laundering requirements, poor management oversight of the bank's operations and gross misconduct by some of its staff. MAS also served notice on the bank that it would impose financial penalties of 13.3 million Singapore dollars for 41 breaches of MAS Notice 1014, the notice on the prevention of money laundering applicable to merchant banks.[1] The release described how staff had made material misrepresentations to auditors, abetted improper valuations of assets and accepted instructions from persons who were not the authorised representatives of the customers.

The decision was without recent precedent. It was the first withdrawal of a merchant bank's approval since Jardine Fleming (Singapore) was shut down in 1984. MAS also referred six current and former members of the bank's senior management and staff to the Public Prosecutor, among them its former chief

© 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.

executive and its former deputy chief executive.[2] The managing director of MAS, Ravi Menon, called BSI "the worst case of control lapses and gross misconduct" that MAS had seen in the Singapore financial sector.[3]

The closure was organised so as to protect the clients of the bank. MAS allowed the assets and liabilities of the Singapore operations to be transferred to the Singapore branch of EFG Bank or to the parent company, BSI SA. It cooperated with FINMA, the home supervisor, which had approved the acquisition of the BSI group by EFG International.[4] The orderly winding-down showed that a regulator can remove an institution from the market without harming its depositors. That lesson mattered for the credibility of the sanction, since a supervisor that fears the consequences of closure for clients will hesitate to close.

Falcon Bank and the second closure

On 11 October 2016 MAS withdrew the merchant bank status of the Singapore branch of Falcon Private Bank, a Swiss private bank. It cited serious failures in anti-money laundering controls and improper conduct by senior management at the head office in Switzerland and at the branch. Falcon was penalised 4.3 million dollars for fourteen breaches of MAS Notice 1014.[5] The branch manager had been arrested by the Commercial Affairs Department on 5 October 2016. MAS also referred transactions related to 1MDB that had been processed by a money-changer, Raffles Money Change, to the Commercial Affairs Department.[6]

The second closure within five months sent a clear signal. A foreign bank could not rely on its parent abroad to shield its Singapore operations from the consequences of misconduct in Singapore. Where the head office itself had failed, as MAS found in the case of Falcon, the branch would bear the consequence.

Penalties on six further banks

MAS also examined the other banks through which 1MDB money had passed. On the same day as the Falcon decision it penalised DBS Bank 1 million dollars for ten breaches and UBS 1.3 million dollars for thirteen breaches of MAS Notice 626, the

© 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.

corresponding notice for banks. In both cases it found no pervasive control weaknesses. The lapses concerned specific bank officers who had failed to carry out their duties effectively.[7]

On 2 December 2016 MAS penalised the Singapore branch of Standard Chartered Bank 5.2 million dollars for 28 breaches of MAS Notice 626. It found significant lapses in the bank's customer due diligence and ongoing monitoring, while finding neither pervasive control weaknesses nor wilful misconduct. The Singapore branch of Coutts was penalised 2.4 million dollars for 24 breaches of MAS Notice 1014, which concerned the enhanced due diligence required for accounts of politically exposed persons.[8] MAS gave notice on the same day that it intended to bar Tim Leissner from the securities industry for ten years. The order was issued in March 2017 and made permanent in December 2018, after Leissner had pleaded guilty in the United States.[9]

The last two penalties followed on 30 May 2017, when MAS penalised Credit Suisse 0.7 million dollars and United Overseas Bank 0.9 million dollars for breaches of MAS Notice 626. The weaknesses concerned due diligence on customers and inadequate scrutiny of their transactions. Both banks had to appoint independent parties to confirm that their remedial measures were in place.[10]

Prohibition orders and the conclusion of the review

With the decisions of May 2017, MAS concluded a two-year review of the banks involved in the transactions related to 1MDB known at that time. Penalties amounting to 29.1 million dollars had been imposed on eight banks: BSI, Falcon, DBS, UBS, Standard Chartered, Coutts, Credit Suisse and UOB. Prohibition orders ranging from ten years to life had been issued against four former employees of the institutions involved, and three further individuals had been notified of orders of three to six years.[11] The orders included lifetime bans for the former Falcon branch manager and for the BSI relationship manager of Jho Low. His assistant was barred for fifteen years.[12]

© 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 figures need to be read in proportion. Penalties of 29.1 million dollars are small compared with the sums that passed through the banks, and smaller still compared with the 2.9 billion dollars that Goldman Sachs agreed to pay to American and other authorities in 2020.[13] Singapore took its own share of that settlement. In October 2020 the Commercial Affairs Department served Goldman Sachs (Singapore) Pte. a conditional warning of 36 months in lieu of prosecution for three counts of corruption under section 5(b)(i) of the Prevention of Corruption Act, on condition that it pay 122 million US dollars to the Singapore Government. The firm also disgorged 61 million US dollars of fees to the Malaysian authorities.[14] The force of the Singapore response lay elsewhere. Two banks lost their licences, individual bankers went to prison and others were barred for life. For a private bank, the loss of the right to operate in Singapore is a far heavier sanction than any fine.

What the review taught the regulator

Ravi Menon summarised the lessons at the conclusion of the review. MAS had enhanced its surveillance of money laundering risks and taken unprecedented enforcement actions against errant institutions and individuals. The industry, in his view, was in a better position than at the time of the abuses. He added that "the price for keeping our financial centre clean as it grows in size and inter-connectedness is unstinting vigilance".[15] The last sentence anticipated the second shock. A financial centre that grows by attracting foreign wealth will always attract some foreign wealth of criminal origin. The question is whether its institutions detect it in time.

Notes

1. Monetary Authority of Singapore, "MAS directs BSI Bank to shut down in Singapore", media release, 24 May 2016 (mas.gov.sg, accessed November 2026): withdrawal of merchant bank status for "serious breaches of anti-money laundering requirements", poor management oversight and gross misconduct; MAS "has also served BSI Bank notice to impose financial penalties" of S$13.3 million for 41 breaches of MAS Notice 1014. ↩

© 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.

2. Monetary Authority of Singapore, “MAS directs BSI Bank to shut down in Singapore”, 24 May 2016: the first withdrawal of a merchant bank’s approval since Jardine Fleming (Singapore) was shut down in 1984; six current and former senior management and staff referred to the Public Prosecutor, including former CEO Hans Peter Brunner and former deputy CEO Raj Sriram; Yeo Jiawei had already been charged. ↩
3. Monetary Authority of Singapore, “MAS directs BSI Bank to shut down in Singapore”, 24 May 2016, quoting Ravi Menon: “BSI Bank is the worst case of control lapses and gross misconduct that we have seen in the Singapore financial sector.” ↩
4. Monetary Authority of Singapore, “MAS directs BSI Bank to shut down in Singapore”, 24 May 2016: transfer of assets and liabilities to the Singapore branch of EFG Bank AG or to BSI SA; cooperation with FINMA, which approved EFG International’s acquisition of the BSI group. ↩
5. Monetary Authority of Singapore, “MAS directs Falcon Bank to cease operations in Singapore”, media release, 11 October 2016 (mas.gov.sg, accessed November 2026): withdrawal of merchant bank status for “serious failures in anti-money laundering (AML) controls and improper conduct by senior management”; penalties of S$4.3 million for 14 breaches of MAS Notice 1014. ↩
6. Monetary Authority of Singapore, “MAS directs Falcon Bank to cease operations in Singapore”, 11 October 2016: arrest of the Singapore branch manager Jens Sturzenegger by the Commercial Affairs Department on 5 October 2016; referral of 1MDB-related transactions processed by Raffles Money Change. ↩
7. Monetary Authority of Singapore, “MAS directs Falcon Bank to cease operations in Singapore”, 11 October 2016: penalties of S$1 million on DBS for 10 breaches and S$1.3 million on UBS for 13 breaches of MAS Notice 626; “MAS’ inspections did not find pervasive control weaknesses within these banks”. ↩

© 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.

8. Monetary Authority of Singapore, “MAS imposes penalties on Standard Chartered Bank and Coutts for 1MDB-related AML breaches”, media release, 2 December 2016 (mas.gov.sg, accessed November 2026): S$5.2 million for 28 breaches of MAS Notice 626 (Standard Chartered) and S$2.4 million for 24 breaches of MAS Notice 1014 (Coutts), the latter concerning enhanced due diligence on accounts of politically exposed persons. ↩
9. Monetary Authority of Singapore, “MAS imposes penalties on Standard Chartered Bank and Coutts for 1MDB-related AML breaches”, 2 December 2016: notice of intention to issue a prohibition order against Tim Leissner “for a period of 10 years”; Wikipedia, “1Malaysia Development Berhad scandal” (accessed November 2026): the order was issued in March 2017 and became lifetime in December 2018 after Leissner admitted to charges. ↩
10. Monetary Authority of Singapore, “Financial penalties imposed on Credit Suisse and UOB for 1MDB-related transactions”, media release, 30 May 2017 (mas.gov.sg, accessed November 2026): S$0.7 million (Credit Suisse) and S$0.9 million (UOB) for breaches of MAS Notice 626; weaknesses in customer due diligence and inadequate scrutiny of transactions; appointment of independent parties to confirm rectification. ↩
11. Monetary Authority of Singapore, “Financial penalties imposed on Credit Suisse and UOB for 1MDB-related transactions”, 30 May 2017: completion of the “two-year review of banks involved in 1MDB-related transactions known to-date”; penalties of S$29.1 million in aggregate on eight banks; prohibition orders “ranging from 10 years to lifetime” against four former employees and notices of intention of three to six years against three others. ↩
12. Monetary Authority of Singapore, “Financial penalties imposed on Credit Suisse and UOB for 1MDB-related transactions”, 30 May 2017: lifetime prohibition orders against Jens Fred Sturzenegger and Yak Yew Chee; fifteen years against Seah Mei Ying, effective 29 May 2017. ↩
13. Goldman Sachs resolution with the United States Department of Justice and other authorities of October 2020, reported at about US$2.9 billion. ↩

© 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.

14. Attorney-General's Chambers, Commercial Affairs Department and Monetary Authority of Singapore, "AGC, CAD and MAS take action against Goldman Sachs (Singapore) Pte. on 1MDB bond offerings", joint media release, 23 October 2020 (mas.gov.sg, accessed November 2026): 36-month conditional warning in lieu of prosecution for three counts under s. 5(b)(i) of the Prevention of Corruption Act (Cap. 241); payment of US$122 million to the Singapore Government; disgorgement of US$61 million to the Malaysian authorities, US$183 million in total; MAS direction under s. 101 of the Securities and Futures Act to appoint an independent external party. ↩
15. Monetary Authority of Singapore, "Financial penalties imposed on Credit Suisse and UOB for 1MDB-related transactions", 30 May 2017, quoting Ravi Menon: MAS "has enhanced its AML surveillance and taken unprecedented enforcement actions against errant institutions and individuals"; "Our financial industry is in a better position today than it was when the abuses stemming from the 1MDB-related flows took place"; "The price for keeping our financial centre clean as it grows in size and inter-connectedness is unstinting vigilance." ↩

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.