The Asian Financial Crisis of 1997: practical consequences

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 crisis of 1997 remains relevant for those who use Singapore as a financial centre today. Its lessons concern the concentration of risk, the importance of the legal location of assets and the behaviour of the state in a crisis.

The first lesson concerns jurisdiction. The CLOB investors had bought Malaysian shares in Singapore, but the shares remained subject to Malaysian law, which changed overnight. A financial centre can offer stable law and open capital movements only for assets that are actually governed by its own law. The second lesson concerns concentration. The Singapore banks had lent heavily to their nearest neighbours, which turned a regional shock into a domestic one. The third lesson concerns the response of the state. Singapore did not freeze capital, did not buy shares and did not compensate investors for their losses. It protected the currency and the banking system, cut costs and let markets adjust. Investors who understand this pattern can anticipate how the authorities are likely to act in a future crisis.

© 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 episode also shows how the authorities communicate in a crisis. They explained their measures in Parliament, in speeches and in the annual reports of MAS, and they published figures on the exposure and the non-performing loans of the banks at regular intervals. An investor who follows these sources can form a reliable view of the state of the system. The same habits of disclosure continue today in the financial stability reviews and monetary policy statements of MAS, which Chapter E.I describes in their present form.

For families, investors and advisers who hold assets through Singapore, the experience suggests the following checks:

- Identify which law governs each asset held through Singapore, and where the issuer, the register and the custodian are located.
- Measure exposure to the region by country and by currency, including indirect exposure through funds, structured products and bank deposits.
- Assess whether the bank or custodian has material concentrations of credit in one neighbouring country, using its published disclosures of non-performing loans.
- Distinguish between the Singapore dollar's trade-weighted stability and its movements against the US dollar, which can be considerable in a regional crisis.
- Plan liquidity for a period in which interest rates may rise sharply and markets may close or trade at deep discounts.
- Do not rely on official support for share prices or on compensation for market losses, since Singapore's policy has consistently excluded both.

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.

© 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.

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. 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.