Chapter 15

Cracking the Whip on Financial Crimes in Singapore

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Abstract

This paper outlines the roles of the relevant authorities in dealing with financial crimes in Singapore. It should be noted that Singapore has historically had a low rate of corruption in her public sector, which stands as a strong contrast against the high levels of corruption in her neighbouring South East Asian countries. It is argued that the Singapore government makes a point of ensuring that its employees are well remunerated and, therefore, are less prone to corruption. By examining developments in the law relating to a spate of high-profile cases of corruption, fraud and money-laundering in recent times, this paper also investigates the depth of the powers made available to the relevant authorities. The circumstances under which the most invasive of measures are taken against suspects of financial crimes will also be described. Although these enforcement methods are largely still in their infancy, they have proven to act as an effective deterrent. A closer inspection, however, is absolutely necessary to mitigate the perceived stark imbalance of power that the authorities’ possess and to ensure suspected offenders are not prejudiced even before conviction.

Keywords

financial crimes – Singapore – legislation – enforcement

1 Overview of the Context of Financial Crimes in Singapore

Financial crime is a significant global threat with far-reaching consequences affecting both victims and the integrity of financial markets. In 2013, Singapore

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saw a 10.6% increase of commercial crimes, whilst the Commercial Affairs Department ("CAD") received 22,417 suspicious transaction reports, a 25% increase from the previous year. In the same year, Singapore recorded its highest ever number of money laundering prosecutions and convictions involving the seizure of more than S$115 million (about US$92 million) of suspected criminal proceeds.

The rising trend may be attributed to two main factors. Firstly, Singapore’s position as a leading commercial and financial hub exposes it to a high level of cross-border money laundering and terrorist financing risks. Secondly, advancements in information and payment technologies create potential loopholes for perpetrators to escape detection. Nonetheless, Singapore has been consistently ranked amongst the least corrupt countries in the world by independent agencies, ranking the fifth of 176 countries in the Corruption Perception Index Scores in 2013, and is recognised as the least corrupt country in Asia. Recent developments in Singapore law have demonstrated how cases are becoming increasingly complex and sophisticated. Singapore’s extensive enforcement procedures, however, remain to be successful in tackling these crimes.

2 Overview of Financial Crimes in Singapore

2.1 Overview of Corruption Law in Singapore

The Prevention of Corruption Act ("PCA") is the primary legislation in Singapore that criminalises both the giving and receiving of corrupt gratification. It was drafted to be deliberately wide to cover the multitude of situations in which an offence of corruption may occur. Additionally, it applies equally to both public sector and private sector corruption.

The PCA complements perfectly Singapore’s political will to combat corruption and helps enforce the public perception of corruption as a "high risk, low reward activity". The government’s commitment to its policy of zero tolerance on corruption is also reflected in its unwavering response to recent high-profile corruption scandals. Prime Minister Lee Hsien Loong contended that the investigation of recent high-profile corruption cases reflects Singapore’s