



Still Keeping Secrets? Bank Secrecy, Money Laundering, and Anti-Money Laundering in Switzerland and Singapore

by Shiqing Yu

1. Introduction

Bank secrecy is a legal requirement in certain jurisdictions that prohibits banks from providing information to authorities about their clients' personal and account information, except under certain circumstances, for example, if criminal complaints have been filed. Banking secrecy is prevalent in some countries, such as Switzerland and Singapore, as well as offshore centres and tax havens under statutory or voluntary privacy provisions. However, bank secrecy generally is not an absolute obligation, and banks can disclose customer information in specific circumstances. The most common examples of exceptions are those in which the customer consents and when the law requires disclosure.¹ The obligation to keep customer information confidential affects banks' daily work. Globally, bank secrecy varies from place to place, and as a result, transnational banks may find themselves in a conflict situation.² For example, banks may find they must keep customer information confidential in one jurisdiction, but disclose it in another.

Over the past decade, financial regulators have undertaken more investigations and enforcement actions involving bank secrecy acts and AML regulations. The terrorist attacks on September 11 2001 triggered the largest manhunt and legal changes in U.S. history.³ Money laundering is a significant problem that amounts to hundreds of billions of dollars annually that is channelled to strengthen international organised crime and presents a problem not only for law enforcement, but also global and macroeconomic stability.⁴ Money laundering is crucial for nearly all forms of transnational and organised crime to function effectively.⁵ Therefore, it is not only a legal enforcement problem, but also constitutes serious national and international security threats. It is simple for criminals to launder money in a country in which bank secrecy policy is strict, because their account and personal information can be kept confidential, and escape regulatory checks and legal sanctions. Thus, many launderers tend to move their funds to countries and regions with strict bank secrecy, which results in dirty money threatening the banking system in those regions, and also poses reputational risks because of reports from international organisations or the news media. For example, it has been stated that Swiss is surrounded by mountains of snow as well as dirty money.⁶

¹ Sandra Booyesen and Dora Neo (ed), *Can Banks Still Keep a Secret? Bank Secrecy in Financial Centres Around the World* (Cambridge University Press, 2017) 3, ISBN: 9781107145146.

² Sandra Booyesen and Dora Neo (ed), *Can Banks Still Keep a Secret? Bank Secrecy in Financial Centres Around the World* (Cambridge University Press, 2017) ISBN: 9781107145146.

³ Deborah Srour Politis, 'Money Laundering, Terrorism Financing and Financial Networks' (2003) Vol.1, *Israel Defense Forces Law Review* 211.

⁴ *ibid.*

⁵ John McDowell and Gary Novis, 'The Consequences of Money Laundering and Financial Crime' (2001) Vol.6 No.2, *Economic Perspectives*, An Electronic Journal of the U.S. Department of State 6.

⁶ Diane Francis, 'Dirty Money Flees Swiss Banks for Singapore' (2011) <www.huffingtonpost.com/diane-francis/dirty-money-flees-swiss-b_b_266272.html> accessed 13 November 2018.

2. Money Laundering

Money laundering is the act of processing criminal proceeds to disguise the illegal origin,⁷ and transforming profits from illegal activities and corruption into ostensibly legal assets.⁸ In some legal and regulatory systems, the term “money laundering” has been conflated with other types of financial crimes, and includes commonly the misuse of financial systems involving traditional currency, digital currencies, credit cards and securities, including terrorist financing and escaping international sanctions.⁹ A money laundering transaction does not really have a direct victim; no person is hurt. It may simply constitute the deposit of money and its transfer to a person’s bank account. Why, then, do we fight something nearly invisible that does not hurt anyone? One reason is that the most direct effect of fighting money laundering is that law enforcement agencies have a second opportunity to catch criminals.¹⁰

More importantly, because of the enormous amount of money involved, money laundering has a wide range of severe adverse economic effects on countries, including prudential risks to the soundness of financial institutions and systems, unpredictable changes in money demand, contamination of legal financial transactions, and increased volatility of exchange rates and international capital flows attributable to unanticipated cross-border transfers.¹¹ Even worse, the estimates of the enormous amount of laundered money are considerably lower than the actual figures, even at the IMF and World Bank levels, as there are no accurate estimates worldwide.¹²

With the trend in globalisation, money launderers have learned to transfer funds from one jurisdiction to another effectively, and take advantage of loopholes and countries and regions with weak or ineffective laws and regulations.¹³ Further, money laundering can have a deterrent effect on foreign direct investment (FDI) if organised crime is perceived to control or influence a country’s financial and commercial sectors.¹⁴ “Bank secrecy is not the secret of the banks, but the secret of their clients.”¹⁵ In countries and regions with strict bank secrecy, as clients, money launderers, can keep their account and funds information confidential and not only unavailable to the public, but also to regulatory authorities, which allows these criminals to enjoy those profits without being detected and jeopardising their source.

3. Bank Secrecy in Singapore and Switzerland

Bank secrecy obliges bank employees legally to maintain customers’ personal and financial information confidential.¹⁶ This usually means that, in customers’ relationships with the bank, it cannot

⁷ Financial Action Task Force (FATF), ‘What is Money Laundering?’ <www.fatf-gafi.org/faq/moneylaundering/> accessed 20 April 2018

⁸ Christine Duhaime, ‘What is Laundering?’ Duhaime’s Financial Crime and Anti-Money Laundering Law <www.antimoneylaunderinglaw.com/aml-law-in-canada/what-is-money-laundering> accessed 20 December 2018.

⁹ Tom C.W. Lin, ‘Financial Weapons of War’ (2016) Vol.100, Minnesota Law Review 1377, Temple University Legal Studies Research Paper No.2016-25.

¹⁰ Joras Ferwerda, *The Multidisciplinary Economics of Money Laundering* (Utrecht University, 2012) 4, ISBN: 9789053356234.

¹¹ dr. Brigitte Unger and others, Report for the Ministry of Finance, ‘The Amounts and the Effects of Money Laundering’ (2006) <www2.econ.uu.nl/users/unger/publications/Amounts%20and%20Effects%20ML.pdf> accessed 22 December 2018.

¹² Deborah Srour Politis, ‘Money Laundering, Terrorism Financing and Financial Networks’ (2003) Vol.1, Israel Defense Forces Law Review 211.

¹³ *ibid.*

¹⁴ Financial Action Task Force (FATF), ‘What influence does money laundering have on economic development?’ <www.fatf-gafi.org/faq/moneylaundering/> accessed 15 January 2019.

¹⁵ Peter Nobel and Beat Braendli, ‘Switzerland’ in Sandra Booyen and Dora Neo (ed), *Can Banks Still Keep a Secret? Bank Secrecy in Financial Centres Around the World* (Cambridge University Press, 2017) 308, ISBN: 9781107145146.

¹⁶ Ankur Poddar, Swati Aggarwal and Peeyush Razdan, ‘The Future of Bank Secrecy and Switzerland’ (2009) SSRN Electronic Journal <https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1460713> accessed 22 December 2018.

disclose their status, the account, or any information they may know.¹⁷ Switzerland enacted secrecy laws in 1934¹⁸ after Nazi authorities attempted to investigate and seize assets Jews and “enemies of the state” held in Switzerland.¹⁹ In 2018, the FSI ranked the country highest in secrecy laws.²⁰ Nonetheless, it has been argued that, although the historical roots of bank secrecy can be challenged, the second reason for its existence is clear, because Switzerland has enjoyed decades of political, social, economic, and monetary stability that has won the country’s and consumers’ confidence.²¹ However, neutrality and stability are not the only reasons why Swiss banks are strictly confidential. Another reason why Switzerland is not prepared to abandon bank secrecy is tax evasion. However, tax fraud, such as forging documents, is considered a felony, and opens avenues of mutual assistance in criminal matters.²² Among them, one of the most serious criminal acts that takes advantage of bank secrecy is money laundering. Unlike Switzerland, Singapore made no reservation to Article 26 of the OECD Model Convention²³ expressly, and introduced a standard “domestic interest” clause in its Double Tax Arrangements (DTAs)²⁴, indicating that Singapore could not exchange information on taxes it does not levy itself or information to which domestic tax authorities have no access, because of laws that protect bank secrecy.²⁵

Singapore has developed into an international financial centre that surpasses Tokyo and Hong Kong, not only because of its “...strategic geographical location on traditional international trade routes”,²⁶ but also the government’s targeted incentives that rightly have “...identified financial services as an integral part of the economy.”²⁷ There is no doubt that Singapore’s successful private wealth management industry and its ability to attract foreign companies are attributable to its strict confidentiality. The roots of Singapore’s bank secrecy are found in the common law and in section 47 of the Banking Act passed in 1970 and revised in 1985.²⁸

According to section 47(1) of Singapore’s Banking Act: ‘Customer information shall not, in any way, be disclosed by a bank in Singapore or any of its officers to any other person except as expressly provided in this Act.’²⁹

Customer information is defined broadly to include the account holder’s personal details, for example, the type of account, whether a deposit, loan, or an investment account. In this way, clients

¹⁷ Dora Neo, ‘A Conceptual Overview of Bank Secrecy’ in Sandra Booyen and Dora Neo (ed), *Can Banks Still Keep a Secret? Bank Secrecy in Financial Centres Around the World* (Cambridge University Press, 2017) 3, ISBN: 9781107145146.

¹⁸ Juliette Garside, ‘HSBC files: how a 1934 Swiss law enshrined secrecy’ (2015) *The Guardian*

<www.theguardian.com/business/2015/feb/08/hsbc-files-1934-swiss-law-secrecy?CMP=share_btn_tw> accessed 10 January 2019.

¹⁹ Kurt Mueller, ‘The Swiss Banking Secret: From a Legal View’ (1969) Vol.18 No.2, *The International and Comparative Law Quarterly* 361.

²⁰ Financial Secrecy Index (FSI), ‘Financial Secrecy Index - 2018 Results’ (2018)

<www.financialsecrecyindex.com/introduction/fsi-2018-results> accessed 10 January 2019.

²¹ Federal Administrative Court, Decision of 5 January 2010, B-1 092/2009.

²² Jean-Rodolphe W. Fiechter, ‘Exchange of Tax Information: The End of Banking Secrecy in Switzerland and Singapore?’ (2010) Vol.36 No.6, *International Tax Journal* 45.

²³ OECD, ‘Commentaries on the Articles of The Model Tax Convention’ (2010) 397, Commentary on Article 26 Concerning the Exchange of Information, ISBN: 978-92-64-08948-8 <www.oecd.org/berlin/publikationen/43324465.pdf> accessed 18 January 2019.

²⁴ Melanie Wright, ‘Double taxation agreements: what they mean in practice’ (2004) *Telegraph*

<www.telegraph.co.uk/expat/4191621/Double-taxation-agreements-what-they-mean-in-practice.html> accessed 15 January 2019.

²⁵ Jean-Rodolphe W. Fiechter, ‘Exchange of Tax Information: The End of Banking Secrecy in Switzerland and Singapore?’ (2010) Vol.36 No.6, *International Tax Journal* 45.

²⁶ Campbell, *supra* note 1, at 577.

²⁷ Alvin Yeo and Joy Tan, ‘Banking Secrecy: the Singapore Position’ (1997), *Asia Business Law Review* 25

²⁸ Banking Act, Section 47: Banking secrecy (Original Enactment was in 1970, revised in 2008)

<<https://sso.agc.gov.sg/Act/BA1970?Provids=pr47-#pr47->> accessed 16 January 2019.

²⁹ Banking Act, Section 47(1).

are able to keep their financial account information confidential. However, in the exceptional circumstances disclosed in the Third Schedule, for the purposes of investigation or prosecution, a police officer's, public officer's, or a court's request for information is permissible.³⁰

4. Still So Secret?

The world has changed since 1934 when Swiss banks provided the utmost privacy for the rich,³¹ and it has been argued that they cannot maintain the same level of secrecy that they did many years ago. The world simply will not allow it.³² In 2000, the OECD published a report on ways to improve international cooperation in the exchange of information between banks and other financial institutions for taxation purposes.³³ Further, the G20-led initiatives have changed the environment in which tax administrations are located dramatically. Secret veils, including bank secrecy, have been pierced,³⁴ and it has been reported that the secrecy in Swiss banks finally has collapsed. As part of a \$780 million settlement agreement with the US National Tax Agency, UBS, Switzerland's largest bank, also disclosed details of thousands of Swiss bank accounts held by Americans.³⁵ It was reported: "The Swiss are saying that this is the end of Swiss banking as they knew it."³⁶

It also has been noted that the U.S. Internal Revenue Service (IRS) is seeking to force Singapore to turn over U.S. citizens' account records, which may open a new front against offshore tax evasion there, in addition to Switzerland.³⁷ Keeping customers' financial information confidential is an important principle of the Singaporean bank customer relationship. However, people have realised that banks' obligations to maintain secrecy about customers are subject to limitations. In the past decade or more, international cooperation initiatives' requests have continued to increase to combat tax evasion and other transnational crimes, such as money laundering and terrorist financing. The common feature of this cooperation is the exchange of information between jurisdictions (EOI).³⁸ Actually, as early as 2009, Singapore's commitment to relax its stringent bank secrecy laws was a sign of increasing international pressure on tax evasion.³⁹ Further, in 2014, Singapore and Switzerland both agreed to share data and tax information under a ground breaking new treaty signed by 47 nations worldwide.⁴⁰ It was argued that: "If Singapore is moving in that direction it narrows down the places to which

³⁰ Andre Jumabhoy and Brian F. Saulnier, 'Singapore's Banking Secrets - Not So Secret Anymore' (2016) <www.klgates.com/singapores-banking-secrets---not-so-secret-anymore-07-05-2016/> accessed 19 January 2019.

³¹ The Economist, 'Swiss banking secrecy - Don't ask, won't tell - Amid a global squeeze on tax evasion, Switzerland is the prime target' (2012) <www.economist.com/node/21547229> accessed 19 January 2019.

³² Grace Zhao, 'Why Swiss Banks Can't Be as Secretive in 2014 as 1934' (2014) Global Financial Integrity (GFI) <www.gfintegrity.org/swiss-banks-confess-banking-secrecy/> accessed 21 January 2019.

³³ OECD, 'Improving Access to Bank Information for Tax Purposes' (2000) <www.oecd.org/ctp/exchange-of-tax-information/2497487.pdf> accessed 21 January 2019.

³⁴ OECD, 'The Era of Bank Secrecy is Over - The G20/OECD Process is Delivering Results 26 October 2011' (2011) <www.oecd.org/ctp/exchange-of-tax-information/48996146.pdf> accessed 21 January 2019.

³⁵ Neil Gough, 'Singapore, a Risking Home for Quiet Money, Comes Under Pressure' (2017) <www.nytimes.com/2017/05/12/business/singapore-bank-secrecy-1mdb.html> accessed 25 January 2019.

³⁶ Peter Galuszka, 'The Dirty Secrets of Swiss Banking' (2009) <www.cbsnews.com/news/the-dirty-secrets-of-swiss-banking/> accessed 25 January 2019.

³⁷ David Voreacos, 'Is Singapore the Next Switzerland for U.S. Tax Crackdown?' (2016) Bloomberg <<https://www.bloomberg.com/news/articles/2016-03-03/singapore-banking-secrecy-makes-ripe-target-for-irs>> accessed 25 January 2019.

³⁸ Sandra Booyens, 'Singapore' in Sandra Booyens and Dora Neo (ed), *Can Banks Still Keep a Secret? Bank Secrecy in Financial Centres Around the World* (Cambridge University Press, 2017) 278, ISBN: 9781107145146.

³⁹ Vanessa Houlder and John Burton, 'Singapore acts on bank secrecy laws' (2009) Financial Times <www.ft.com/content/a93ef804-0a77-11de-95ed-0000779fd2ac> accessed 28 January 2019.

⁴⁰ Arno Maierbrugger, 'Singapore, Switzerland Agree To Share Tax Information' (2014) investvine <<http://investvine.com/singapore-switzerland-agree-to-share-tax-information/>> accessed 28 January 2019.

undisclosed money can easily be banked and it puts pressure on Switzerland to follow suit. It is the beginning of the end of bank secrecy.”⁴¹

5. Anti-Money Laundering vs. Bank Secrecy

The banking system is still one of the most important tools for money launderers. According to the FATF, bank secrecy laws are notorious because they have made banks a haven for crime and money laundering. Bankers often open bank accounts for new customers, advise them to deposit money in their banks, and conduct transactions readily, because such transactions bring profits to their financial institutions.⁴² It is especially difficult to combat money laundering in those countries in which bank secrecy is prevalent and strict, as it prevents regulators from acquiring any information about account holders. It has been stated that: “The Bank Secrecy Act (BSA) is the primary U.S. Anti-Money Laundering (AML) law and has been amended to include certain provisions of Title III of the USA Patriot Act to detect, deter, and disrupt terrorist financing networks.”⁴³ In other respects, the act and related laws and regulations require certain reports and records to be kept,⁴⁴ and certain institutions are required to establish procedures to address money laundering concerns.⁴⁵

For example, one of the BSA and AML enforcement actions was significant: In 2012, HSBC Holdings Limited and HSBC Bank of the U.S. had \$1.256 billion confiscated and reached a deferred prosecution agreement (DPA) for HSBC’s violations of the BSA, and the failure of HSBC Bank USA to maintain an effective AML program and employ appropriate due diligence with respect to foreign account holders. In addition to forfeiting the \$1.256 billion for violating the Federal Reserve AML program, HSBC also agreed to pay a civil fine of 665 million, \$500 million to the Office of the Comptroller of the Currency (OCC) and \$165 million to the Federal Reserve.⁴⁶

It has been argued that “Rich, Western countries get information but poorer countries in Africa do not,” and added that secrecy enables money laundering and theft.⁴⁷ Financial secrecy has made money laundering, corruption, and tax evasion increasingly serious.⁴⁸ As a neutral country, Switzerland long has been known to use anonymous accounts that can facilitate money laundering and tax evasion, or used for entirely legitimate purposes. This country now has succumbed to increasing pressure to

⁴¹ Vanessa Houlder and John Burton, ‘Singapore acts on bank secrecy laws’ (2009) Financial Times <www.ft.com/content/a93ef804-0a77-11de-95ed-0000779fd2ac> accessed 29 January 2019.

⁴² Deborah Sroul Politis, ‘Money Laundering, Terrorism Financing and Financial Networks’ (2003) Vol.1, Israel Defense Forces Law Review 211.

⁴³ U.S Department of the Treasury, Office of the Comptroller of the Currency, ‘BSA and Related Regulations’ <www.occ.treas.gov/topics/compliance-bsa/bsa/bsa-regulations/index-bsa-regulations.html> accessed 29 January 2019.

⁴⁴ See, for example, ‘Code of Federal Regulations, Title 31 - Money and Finance: Treasury’ - Section 1010.370 - Reports of certain domestic coin and currency transactions <www.gpo.gov/fdsys/pkg/CFR-2011-title31-vol3/xml/CFR-2011-title31-vol3-sec1010-370.xml>; Section 1010.440 - Person outside the United States <www.gpo.gov/fdsys/pkg/CFR-2011-title31-vol3/xml/CFR-2011-title31-vol3-sec1010-440.xml> accessed 30 January 2019.

⁴⁵ See, for example, ‘§5318A. Special measures for jurisdictions, financial institutions, international transactions or types of accounts of primary money laundering concern’ <www.fdic.gov/regulations/laws/rules/8000-1300.html#fdic8000mfa5318> accessed 30 January 2019.

⁴⁶ Department of Justice, ‘HSBC Holdings Plc. and HSBC Bank USA N.A. Admit to Anti-Money Laundering and Sanctions Violations, Forfeit \$1.256 Billion in Deferred Prosecution Agreement’ (2012) <www.justice.gov/opa/pr/hsbc-holdings-plc-and-hsbc-bank-usa-na-admit-anti-money-laundering-and-sanctions-violations> accessed 1 February 2019.

⁴⁷ John O’Donnell, ‘Global study names Switzerland as capital of bank secrecy’ (2018) Reuters <<https://uk.reuters.com/article/us-finance-secrecy-index/global-study-names-switzerland-as-capital-of-bank-secrecy-idUKKBN1FJ2I0>> accessed 1 February 2019.

⁴⁸ Anonymous, ‘Switzerland remains top of “financial secrecy” ranking as US rises to second’ (2018) TheLocalSwitzer <www.thelocal.ch/20180131/switzerland-remains-top-of-financial-secrecy-ranking-as-us-rises-to-second> accessed 3 February 2019.

become consistent with international transparency standards by introducing rules to ensure that the details of bank accounts will be shared with other countries' tax authorities. Before 2017, Switzerland provided bank account information only to countries that required bilateral agreements to prevent double taxation. Even so, there was no guarantee of full cooperation. However, Switzerland began to collect information in 2017 and share it with other signatories of the Multilateral Convention on Mutual Administrative Assistance in Tax Matters⁴⁹ in 2018.⁵⁰

Singapore also has been a major problem with respect to AML because of its tight secrecy law. For example, it faced a delicate conundrum because of the signs of crisis in emerging economies like India and Indonesia, and came under growing pressure from the U.S. and Europe, which criticised it for offering unfair advantages in the competition of tax havens.⁵¹ Further, banks in Singapore also have been scrutinising their account holders urgently to meet a looming deadline for stricter tax evasion measures that compel them to decide whether to dismiss some of their wealthiest clients, and it was requested that, before July 1 2013, all financial institutions in Singapore must identify accounts that they suspect strongly hold proceeds of wilful or fraudulent tax evasion, and close them where necessary. Thereafter, handling the proceeds of tax crimes would become a criminal offence under changes to the city-state's AML acts.⁵² Thus, it is clear that countries with strict bank secrecy policies, such as Switzerland and Singapore, the two discussed here, are now under great pressure to disclose information, not only for tax purposes, but also to combat money laundering.

6. Conclusion

Since the 2008 financial crisis, banks in jurisdictions with secrecy laws have faced increasing international pressure to make bank information more transparent, and have been urged to exchange such information automatically.⁵³ In recent years, the weakening of bank secrecy has become increasingly serious at both the national and international levels, and banks are required to disclose information not only to their national authorities, but to foreign authorities as well.⁵⁴

Bank secrecy is not an absolute practice. In addition to the bank's obligation to maintain client secrecy, different legal systems recognise exceptions to this policy that require banks to disclose information about their customers to third parties. Banks operating abroad are required to adhere to disclosure obligations applicable to these countries.⁵⁵ The list of exceptions when banks must disclose information about their customers is becoming broader and applies to foreign jurisdictions within their territories and beyond. Banks engaged in cross-border activities have found themselves exposed to more disclosure obligations than before. This not only influences clients' right to privacy, but also the bank itself, and more comprehensively, affects the global banking system and international market.⁵⁶

⁴⁹ OECD, 'Convention on Mutual Administrative Assistance in Tax Matters' (2018) <www.oecd.org/ctp/exchange-of-tax-information/convention-on-mutual-administrative-assistance-in-tax-matters.htm> accessed 3 February 2019.

⁵⁰ Ben Chapman, 'Secretive Swiss bank accounts face new crackdown' (2018) Independent <www.independent.co.uk/news/business/news/swiss-bank-accounts-not-secret-tax-avoidance-money-laundering-crackdown-a7507696.html> accessed 6 February 2019.

⁵¹ Spiegel, 'Will Singapore Clean Up Its Act?' (2013) <www.spiegel.de/international/world/the-singapore-banking-sector-is-a-tax-haven-that-now-faces-reform-a-930998.html> accessed 6 February 2019.

⁵² Reuters, 'Banks in Singapore agonize over rich clients in tax evasion clampdown' (2013) <www.reuters.com/article/us-singapore-banks-crime-idUSBRE9440CM20130505> accessed 9 February 2019.

⁵³ Grace Zhao, 'Why Swiss Banks Can't Be as Secretive in 2014 as 1934' (2014) Global Financial Integrity (GFI) <www.gfintegrity.org/swiss-banks-confess-banking-secrecy/> accessed 9 February 2019.

⁵⁴ Ruth Plato-Shinar, 'Cross-Border Banking: Reconceptualizing Bank Secrecy' in Ross P. Buckley, Emiliios Avgouleas and Douglas W. Arner (ed), *Reconceptualising Global Finance and Its Regulation* (Cambridge University Press, 2016) 240, ISBN: 978-1-107-10093-0.

⁵⁵ *ibid* 236

⁵⁶ *ibid* 237.

Many countries, primarily the U.S., require other countries to cooperate with them to fight tax evasion. However, such demands create various difficulties, especially in countries in which tax evasion is not considered a money laundering offence.⁵⁷ Therefore, reaching an agreement that different countries have to obey is vital to address not only tax evasion, but to combat money laundering based on tax evasion. For example, as the most comprehensive multilateral instrument available for all forms of tax cooperation to prevent and/or punish tax evasion and avoidance, the Convention on Mutual Administrative Assistance in Tax Matters,⁵⁸ as mentioned above, will be of great help to combat money laundering based on sharing financial information.

Some have argued that combating money laundering may require initiatives that could threaten not simply a single institution, but rather, well-established systems of banking and financial practices that have a long historical pedigree and are protected by groups with strong vested interests.⁵⁹ Therefore, focusing and improving a country's financial systems is of great significance in promoting the enforcement and effectiveness of AML. For example, faced by increasing international efforts to combat tax fraud, as well as complaints from foreign countries about measures required to stop illegal funds, Singapore has taken actions to demonstrate that it takes these criticisms seriously.⁶⁰

Therefore, it is not surprising that bank secrecy has given way to placing a higher priority on combating crime, which is acceptable and noncontroversial.⁶¹ With the severity of financial crime, such as tax evasion and money laundering that take advantage of bank secrecy, there might be more requirements regarding disclosing information, and banks need to take measures to address them. For example, it has been reported that the largest banks in this country are discussing the establishment of a system to share potential customer information to combat money laundering.⁶² As the facilitator of other criminal activities, including terrorism, tax evasion, corruption, and drug trafficking, money laundering is not just a crime itself, and regulators combat those criminal offences through AML. Thus, AML requirements, such as disclosing financial information and eliminating bank secrecy, will be more extensive in the future.

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⁵⁷ *ibid* 240.

⁵⁸ OECD, 'Convention on Mutual Administrative Assistance in Tax Matters' (2018) <www.oecd.org/ctp/exchange-of-tax-information/convention-on-mutual-administrative-assistance-in-tax-matters.htm> accessed 9 February 2019.

⁵⁹ United Nations, 'Financial heavens, bank secrecy and money-laundering' (1998) <www.crimeandjustice.org.uk/sites/crimeandjustice.org.uk/files/09627259908552870.pdf> accessed 12 February 2019.

⁶⁰ Neil Gough, 'Singapore, a Rising Home for Quiet Money, Comes Under Pressure' (2017) *The New York Times* <www.nytimes.com/2017/05/12/business/singapore-bank-secrecy-1mdb.html> accessed 12 February 2019.

⁶¹ Sandra Booyen, 'Conclusion' in Sandra Booyen and Dora Neo (ed), *Can Banks Still Keep a Secret? Bank Secrecy in Financial Centres Around the World* (Cambridge University Press, 2017) 389, ISBN: 9781107145146.

⁶² Bloomberg, 'Singapore banks discuss cooperation to fight money laundering' (2016) *The Straits Times* <www.straitstimes.com/business/singapore-banks-discuss-cooperation-to-fight-money-laundering> accessed 12 February 2019.