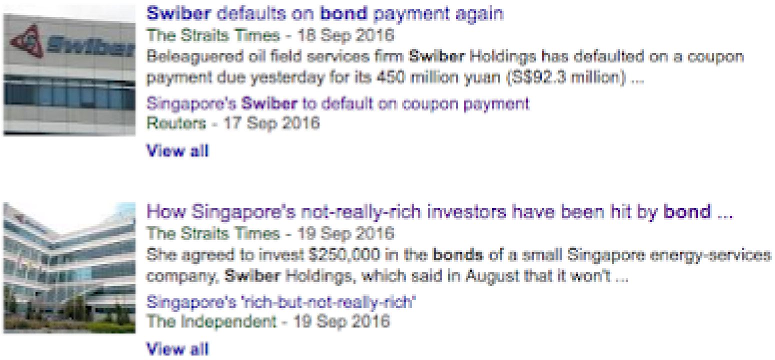
Swiber Bond Scandal : who should the retail investors blame?

Description



The recent Swiber bond debacle has sparked off a new debate as to whether the Singapore government should save "accredited investors" – individuals who have at least S$2 million in assets. Because they have more money than the average man, these "not-so-wealthy" individuals are being given more choices in investment products, including those that are deemed as more exotic, riskier or too complicated for laymen to understand.

But does being rich necessarily equate to being smart about your money?

Sadly, no. This is a tough lesson in personal finance to

those who invested in Swiber bonds, who have each lost at least $200,000 or more, now that the company has defaulted on its bond repayments. It is unlikely that these investors will get their money back.

As a result of this saga, people are crying out for the government to protect these accredited investors. Bloomberg reported on this piece with the headline of "How Singapore's Not-Really-Rich Have Been Burned By Swiber's Bonds". The argument is that many of Singapore's "accredited" investors are given that label because of their property asset, which isn't exactly a true reflection of their liquid wealth. But given competing interests, should the government be saving folks with over S$2 million to their name, or focus their energy on helping the poor instead?

Saving Singapore's rich from bankers, and themselves
The Straits Times - 21 Sep 2016
Trading away that safety catch and spinning the roulette wheel on a 7.125 per cent **Swiber bond** should be a deliberate choice. Banks might ...

Saving Singapore's Wealthy
Bloomberg - 20 Sep 2016
Trading away that safety catch and spinning the roulette wheel on a 7.125 percent **Swiber bond** (now quoted at about 16 cents on the dollar) ...

Hahahahahahahahahahahahahahahahahahahahahahahahahahahahahahaha.
Now, I frankly don't really care whether or not the government decides to overhaul the accredited investors scheme in Singapore. While I feel sympathetic for those who lost their money in this saga (especially those who lost their life savings), we cannot simply pin the blame on the bankers who sold them those Swiber bonds.

It is YOUR money. No matter who sold it to you, you need to take responsibility for making the decision to sign your money away to Swiber.

Every investment comes with risk. Just because bonds are generally classified as a safer investment choice, it is foolish to simply assume that all bonds are made the same.

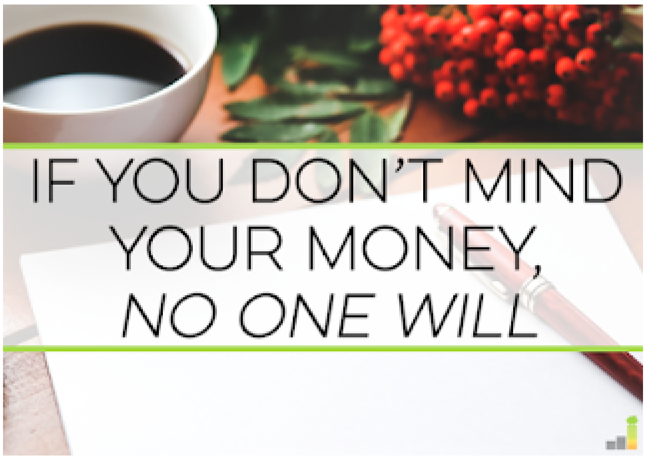
You can continue blaming your banker or financial agent. *"How was I supposed to know? They're supposed to be the expert! They're supposed to know what is best for my money!"*
The government can overhaul the whole scheme and save these investors from becoming victims like this again. But I can assure you that this will continue to happen, and happen again. That's because:

There is no cure for stupidity.
There is no cure for laziness.
There is no cure for plain naivety.

Now, I'm not saying these investors who lost their money in Swiber bonds deserve it. They clearly don't. Some of them went into the investment only because they genuinely believed it would help them grow their money for their other life goals.

But here's the hard truth. If you refuse to pick up financial literacy and learn to manage your own money, then that is your own responsibility. If you choose to believe that your banker and financial agent TRULY has your best interest at heart (hahahahaha) then that's being plain naive. If you choose to believe that this investment is safe just because someone tells you it is, admit that you've been lazy enough to not have bothered checking up on the investment before you put your money in.

So since that is the case, then don't call for help. Take responsibility for your own mistake, even if you only erred because you were mistakenly led on by someone else. If you hadn't signed and approved those papers yourself, there's no way Swiber could have gotten your money, right?



Remember that **no one except you truly have your best financial interests at heart.** This may come off as harsh, but it is better to learn this now than never.

With (tough) love,
Budget Babe

Category

1. Investing