

Funding the Future

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The FT [has reported this morning](#) that:

HSBC has warned that it could pay at least \$1.5bn in penalties over alleged tax evasion and money laundering at its Swiss private bank, casting a shadow over Stuart Gulliver's final day as chief executive.

The estimate underlines how the outgoing HSBC boss has struggled to get to grips with the string of scandals thrown up by a number of ill-judged acquisitions dating back to before he took over in 2011.

They added:

The warning about further penalties came after HSBC agreed to pay â,-300m in November to settle an investigation by the French public prosecutor into allegations it helped clients evade taxes in 2006 and 2007. HSBC said it had \$604m of provisions outstanding at the end of December relating to its private bank, which is being investigated in several countries, including the US, Belgium, Argentina, India and Spain. But it said "management's estimate of the possible aggregate penalties" could exceed \$1.5bn, which a spokesman described as a worst-case scenario.

Most worrying though was this comment:

Mr Gulliver said that after multibillion-dollar investments in compliance and controls "HSBC is in a stronger and a better position today to protect itself and therefore the banking system from bad actors than it was in 2010".

What this shows is that after all this time HSBC thinks itself the victim and that it is merely paying the price of having customers who evaded. Apparently they still cannot see that they, as deliberate supplier of the structures that exploited bank, corporate and tax haven secrecy were responsible for the wholly foreseeable consequence of their use. Thankfully it seems that regulators can see through the charade and are imposing the penalties on those most responsible for the curse of tax evasion - which is those who supply what I have for a long time called corruption services.

But that still leaves questions to be asked.

The first is that if HSBC still does not get this, after paying billions in fines already and expecting to pay billions more, why is it fit and proper to hold a banking licence?

The second is to ask where the moral leadership is in this issue? Instead of playing the victim why isn't it driving the process of reform to deliver transparency? [It's years since I first began writing about this story](#). Despite social attitudes changing enormously in the world at large since then there is not a hint of real change at HSBC, who still do not seem to think they did anything wrong bar getting caught. And again I ask, why are they still considered fit and proper to hold a banking licence?

And third, where is the parliamentary enquiry on this? If any other company admitted it was expecting to pay \$1.5 bn in fines there would be an enquiry. So why not into this? To put it another way; why isn't parliament asking why HSBC is still considered to be a fit and proper person to hold a banking licence?