GOLDEN PASSPORTS, HIDDEN RISKS

Each year, tens of thousands of people acquire citizenship or permanent residency in countries other than their own by making substantial financial investments. Known as Citizenship by Investment (CBI) or Residency by Investment (RBI) programmes, these government-administered programmes offer a fast track to legal status in return for economic contributions. While these initiatives aim to stimulate foreign investment and economic growth, they increasingly face scrutiny over national security, financial integrity and ethical concerns.

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CBI and RBI schemes or programmes, colloquially dubbed "golden passports" and "golden visas", are attractive to high-net-worth individuals. For many wealthy individuals, the appeal lies in enhanced global mobility, potential tax advantages and a safety net from political instability or civil unrest. According to Fernando, Pampolina and Sykes (2021), citizens from autocratic regimes with weak rule of law are among the most eager applicants for a second citizenship.

However, experts warn that criminal and corrupt actors may also exploit these programmes. Transparency International (2025) warns that "while many applicants have legitimate sources of wealth and lawful intentions, the programmes can be misused to launder illicit funds or obscure financial crimes". The European Union (EU) has expressed mounting concern over such abuses, citing risks of money laundering, corruption and security breaches. In response, several European countries have shut down or restructured their golden passport programmes under pressure from EU institutions (Transparency International, 2025).

Dr Kristin Surak, an Associate Professor of Political Sociology at the London School of Economics and Political Science, who is also a migration researcher, highlights that these programmes, while legal, often blur the lines between legitimate migration and the circumvention of tax laws or international sanctions. "Golden passports can serve as tools for financial crime, not just as gateways to opportunity," she noted (Surak, 2024).

What is investment migration?

In recent years, investment migration has grown into a multi-billion-dollar global industry. A joint 2023 report by the Financial Action Task Force (FATF) and the Organisation for Economic Cooperation and Development (OECD) reveals the scale and complexity of this expanding ecosystem, which involves both government entities and private sector players. Investment migration typically comes in two main forms, namely **Citizenship by Investment** and **Residency by Investment**. Although often conflated, these two models offer different privileges and operate under varying regulations.

Citizenship by Investment (CBI) programmes allow individuals to acquire **full citizenship**, often including a passport, primarily in exchange for a financial contribution, without the need for long-term physical residence. This model provides a fast track to national identity and the rights that come with it. According to the FATF and OECD (2023), applicants are often motivated by reasons ranging from personal security and wealth preservation, to enhanced global mobility. In some cases, these programmes are so economically significant that they represent a large portion of national revenue. To illustrate the point, in 2016, CBI revenue, or passport sales, made up roughly one-third of the Dominican Republic's Gross Domestic Product (GDP).

CBI programmes offer several attractive benefits including:

- **Freedom of movement:** Enhanced global travel through visa-free or visa-on-arrival access to numerous countries.
- **Financial access:** Greater ease in entering the international banking and investment sectors.
- **Identity laundering:** The potential to obtain new identity documents under an alternate nationality, which can complicate law enforcement efforts to track individuals involved in illicit activities (FATF and OECD, 2023).

Countries such as Antigua and Barbuda, Cyprus, Grenada, Jordan, Malta, St Kitts and Nevis, and Vanuatu offer CBI programmes, with costs ranging from $100 000 to $2.5 million (Fernando, Pampolina and Sykes, 2021).

On the opposite side, **Residency by Investment (RBI)** programmes grant foreign nationals a visa or residence permit in exchange for financial investment. Some RBI programmes mandate that visa holders spend a significant amount of time, typically three years or more, physically residing in the host country before becoming eligible for permanent residency. In contrast, other RBI programmes impose far less stringent requirements for physical presence (FATF and OECD, 2023).

"Golden passports can serve as tools for financial crime, not just as gateways to opportunity." - Dr Kristin Surak.

RBI programmes often include **business investment visas (BIVs)**, although these visas were not the focus of the FATF and OECD report. Surak (2024) remarks that BIVs are widely available across the globe, with many countries offering multiple variations. Under these programmes, people can obtain residency by making a qualifying investment, although the specific eligibility criteria vary significantly from one country to another. Some BIVs are tailored for seasoned entrepreneurs with a track record of building businesses, while others are designed for people with promising business ideas. Some programmes simply require applicants to invest funds into an existing or newly formed company, linked to "active" or "passive" investment models. Active BIVs typically demand evidence of business experience, alignment between the applicant's skills and business plan, and ongoing involvement in the venture. Authorities may even monitor the business's performance after the visa has been granted. In contrast, passive programmes only require proof of financial investment, without expectations of operational engagement. The level of involvement expected from investors is sometimes formalised in legislation or policy, while in other cases it is shaped by administrative practices (Surak, 2024).

The key distinction between CBI and RBI programmes lies in the level of status granted. CBI programmes offer immediate citizenship and access to a passport, while RBI programmes provide residency rights without immediate access to a new passport and are therefore less directly linked to nationality. While these programmes offer clear economic advantages for host countries and convenient legal mobility for investors, they pose serious regulatory and security concerns.

Unlike CBI programmes, RBI programmes do not immediately grant a passport. However, both CBI and RBI programmes may provide opportunities for bad actors to shield assets, launder money and bypass sanctions or scrutiny (FATF and OECD, 2023).

Criminal abuse of CBI and RBI programmes

Governments offering CBI and RBI programmes face growing scrutiny amid evidence that these programmes can facilitate financial crime and corruption. According to multiple reports, including findings by Fernando, Pampolina and Sykes (2021), and a joint assessment by FATF and OECD published in 2023, the risks associated with these programmes extend far beyond national borders.

Authorities have documented numerous abuses linked to these programmes, ranging from money laundering and tax evasion to corruption and fraud (Fernando, Pampolina and Sykes, 2021 and FATF and OECD, 2023). If not properly regulated, these programmes can damage a country's global reputation, destabilise its financial system and exacerbate social inequality. Newly acquired citizenship can obscure individuals' risk profiles, allowing criminals and terrorists to obtain legal identities that shield them from law enforcement and extradition. This alternative status may be used to open bank accounts without disclosing them under international tax regulations or to bypass sanctions and watchlists. "The threat extends internationally. Organised crime groups may use these passports to travel freely and expand illegal operations across borders" (Fernando et al, 2021).

The FATF and OECD (2023) outline three main categories of financial crime threats linked to investment migration:

- **Criminal applicants:** Those with illicit funds may use the CBI or RBI process itself to launder money or exploit the residency or citizenship status afterwards to evade detection and continue illegal activity.
- **Ecosystem facilitators:** Industry professionals, including wealth managers, accountants, immigration agents and property developers, may engage in fraud, launder illicit gains or bribe officials to manipulate programme outcomes.
- **Corrupt public officials:** In jurisdictions with weak oversight, government actors may demand or accept bribes in exchange for granting residency or citizenship, undermining programme integrity and public trust.

The nature of these threats can vary depending on the investment options offered, highlighting the need for strong governance and international cooperation. Without robust controls, experts warn that the misuse of CBI and RBI programmes could continue to serve as a backdoor for global criminal networks, threatening both national and international security.

Organised crime and money laundering

International concerns over the use of CBI and RBI programmes as vehicles for money laundering and financial crime are mounting. Investigative journalists and recent global investigations have exposed how these programmes, which offer legal status in exchange for financial contributions, are exploited by criminal networks.

Each year, CBI programmes naturalise around 50 000 people, while RBI programmes provide residence rights, either temporary or permanent, to hundreds of thousands worldwide. Exact numbers are hard to confirm, partly due to the flexible and sometimes opaque nature of residence permits, which can be lost or revoked. As an example, the United Arab Emirates (UAE) has issued approximately 250 000 so-called "golden visas" highlighting the massive global scale of investment migration" (Surak, 2024).

The 2023 FATF and OECD report warns that both CBI and RBI programmes carry serious money laundering risks. According to this report, CBI programmes allow people to alter their identities, enhance global mobility and facilitate the creation of legal entities in different jurisdictions. RBI programmes offer similar options and enable users to move funds across borders, acquire high-value assets, set up businesses and eventually secure citizenship through extended residence (FATF and OECD, 2023).

Experts argue that these evaluations are not comprehensive enough. Dr Surak notes that the 2023 FATF and OECD report lacks the necessary nuance to fully address the risks. She points out that many of the financial vulnerabilities identified in RBI programmes also apply to CBI programmes, although the report fails to reflect this parity. More importantly, she adds, many financial crimes unfold after the legal migration process has been completed, often with the cooperation or at least negligence of financial institutions (Surak, 2024).

"Banks can be a weak link. Some require little more than a passport and utility bill to verify identity. Even expired documents are sometimes accepted. Online banks may rely solely on digital scans of documents, which can be purchased from the dark web," she warned. She cited the case of Jho Low, the alleged mastermind of the 1Malaysia Development Berhad (1MDB) scandal, who transferred €6 million through Deutsche Bank into Cyprus while applying for citizenship, despite already being under investigation for financial crimes (Surak, 2024).

Among the RBI programmes, the UAE's stands out for its scale and vulnerability. Accounting for an estimated 80% of all global RBI approvals, the UAE is a popular investment destination and a known financial hub with lax oversight. The UAE was placed on the FATF's grey list in 2022 and removed in April 2024 following gradual improvements in anti-money laundering (AML) regulation (Al Emara, Ibrahim and Olivier, 2024). However, critics claim it remains a high-risk jurisdiction: the UAE ranked 38th out of 203 on the Basel AML Index's list of countries most vulnerable to money laundering (Basel AML Index, 2024). According to Surak (2024), "golden visa" holders in the UAE can open bank accounts and conduct cross-border transactions, often through the country's extensive international banking network, providing ample opportunity for illicit financial flows.

An example of investment migration's dark underbelly emerged in August 2023, when Singaporean police arrested ten Chinese nationals from Fujian in connection with a vast transnational money laundering and organised crime syndicate. The bust resulted in the seizure or freezing of more than $2 billion in assets, including luxury properties, designer goods and rare collectibles. It remains Singapore's largest money laundering case to date. The international patchwork of passports held by the suspects, spanning Cambodia, Cyprus, Dominica, St Kitts, Turkey and Vanuatu, all of which operate CBI programmes, triggered global attention. The individuals had obtained Singaporean residence through Employment Passes and Dependants' Passes, often by setting up shell companies or "family offices" with little to no operational activity (Lam, 2023 and Surak, 2024). A burgeoning private market for such permits exists in Singapore. Those seeking access to Singapore's banking system can pay local companies to sponsor their employment and secure legal residence. Once residency is obtained, opening a bank account becomes relatively easy (Surak, 2024).

Identity laundering through investment migration

Another concern is how CBI programmes are exploited by people seeking to obscure their identities and evade law enforcement scrutiny. This practice, referred to as "identity laundering", enables people, often with criminal or national security red flags, to obtain legitimate alternative identities without necessarily engaging in document fraud (FATF and OECD, 2023).

According to the FATF and OECD 2023 report, identity laundering allows applicants to manipulate personal details such as names or birth dates when applying for a second citizenship. Some CBI programmes even permit name changes during the application process, an option that, while legal in many jurisdictions, can have serious implications for financial and national security systems.

The appeal of investment migration programmes to illicit actors is clear: obtaining a new identity can enable people to bypass anti-money laundering controls. Criminals subject to adverse reporting may use their new identity to open bank accounts, bypass customer due diligence (CDD) procedures or mask the source of illicit funds. In such cases, financial institutions might fail to connect the dots between a person's known criminal activities and their new, seemingly clean identity (FATF and OECD, 2023).

The FATF and OECD 2023 report highlights how some actors strategically use lower-regulation CBI programmes as stepping stones, obtaining a clean passport, which is then used to apply for more reputable RBI programmes. The lack of record-keeping or inter-governmental data-sharing among some CBI jurisdictions makes it exceedingly difficult to track individuals who hold multiple citizenships under different names or identifying information.

In one jurisdiction, authorities recognised this vulnerability and outlawed name changes during the CBI application process in 2014. However, such precautions are far from universal (FATF and OECD, 2023).

In a recent case that highlights the risks posed by such programmes, a young Russian man was, in 2024, sentenced to five years' incarceration in the UK for running a money laundering operation tied to international organised crime. Investigative journalists revealed that he and his father had acquired Maltese citizenship in 2022 through Malta's investment-for-passport programme, despite the country being a member of the European Union, with rigorous financial and legal standards on paper (Transparency International, 2025).

In its 2025 annual report, Transparency International, confirmed that Maltese authorities have since begun proceedings to revoke the man's passport in light of his conviction. However, the case raises troubling questions about how effective due diligence measures are when applied to CBI applicants, and whether existing safeguards are enough to prevent misuse by high-risk individuals.

Tax evasion risks in investment migration programmes

Governments and financial watchdogs are sounding the alarm over the potential misuse of investment migration programmes, particularly CBI and RBI programmes, as tools for tax evasion and avoidance.

A growing body of analysis, including work by Surak (2024), has pointed to how some people exploit these programmes to dodge financial disclosure obligations under the OECD's Common Reporting Standard (CRS). Both the FATF and the OECD have warned that CBI and RBI programmes present a "high risk" of enabling circumvention of the automatic exchange of information (AEOI) mechanisms established by the CRS (FATF and OECD, 2023).

Despite these warnings, the mechanics of tax reporting make the actual risk difficult to pin down. The CRS mandates information exchange based on tax residency, not citizenship, residence permits or physical presence. Therefore, simply obtaining a second passport or visa through investment does not automatically remove someone from the reporting radar. Participation in such programmes alone is insufficient to evade CRS obligations (Surak, 2024).

A key vulnerability lies in how financial institutions determine tax residency. Banks typically rely on self-certification, requiring clients to declare their tax status under threat of perjury. The rigour with which banks verify this information varies widely: some demand extensive documentation and actively test claims for inconsistencies, while others accept declarations with minimal scrutiny (Surak, 2024).

This inconsistency has created opportunities for people to manipulate their status, sometimes becoming "serial investor migrants" to escape automatic reporting. However, follow-up research shows that such strategies are often ineffective in practice, while banks continue to grapple with ambiguous residence documents when trying to ascertain tax obligations (Surak, 2024).

Some programmes have drawn more scrutiny than others. The UAE's RBI programme has, as an example, raised eyebrows due to the sheer volume of approvals and the leniency of its residency requirements; spending just one day in the country every six months qualifies someone for tax residency in a nation with virtually no personal income tax. Taiwan is also notable for not having joined the CRS framework at all, making it a potential gap in the global transparency net (Surak, 2024).

These loopholes are not purely theoretical. In 2018, Finnish police raided a real estate company owned by Russian businessman Pavel Melnikov as part of a major financial crime investigation. Journalists uncovered that Melnikov held Maltese citizenship through its CBI programme. Earlier in 2025, a Finnish court convicted him of aggravated tax fraud and accounting fraud. Melnikov has denied the charges and is reportedly likely to appeal (Transparency International, 2025).

Experts stress that if authorities are to curb the misuse of investor visas for tax evasion, greater regulatory coordination and scrutiny of tax residency claims are essential. "Understanding how residence-based programmes interact with financial reporting rules is critical, especially when individuals try to 'ghost' their true residence for tax purposes," Dr Surak notes (Surak, 2024).

Exploiting CBI and RBI programmes to evade justice and shield assets

CBI and RBI programmes are often marketed as pathways to economic growth for participating countries but are increasingly scrutinised for their potential misuse by criminals. The 2023 FATF and OECD report warns that these programmes may offer a convenient escape route for people seeking to evade capture, prosecution and asset confiscation.

One of the central concerns raised in the report is that criminals can exploit CBI and RBI programmes offered by jurisdictions lacking extradition agreements with the countries where they are wanted for investigation or prosecution. In some cases, these jurisdictions do not extradite their own nationals, effectively creating safe havens for those granted new citizenship or residency (FATF and OECD 2023).

Once naturalised or granted residency status, people can become legally entrenched in the new country. Even if the host country is inclined to cooperate, removing or prosecuting the individual becomes increasingly difficult. The problem intensifies if the new jurisdiction also offers diplomatic or official appointments that confer legal immunities, further shielding the person from international law enforcement. This issue is compounded by the lack of cooperation between some of these jurisdictions and foreign law enforcement agencies. Countries with limited investigative capacity, little interest in pursuing financial crimes, or weak regulatory frameworks become especially attractive to criminal actors. These jurisdictions lack both the legal basis and the practical means to investigate or prosecute sophisticated financial offences (FATF and OECD, 2023).

In effect, CBI and RBI programmes, originally intended to attract investment, can inadvertently serve as tools for criminals to secure legal protection, obscure their assets and remain beyond the reach of justice. The 2023 FATF and OECD report emphasises the importance of international collaboration and due diligence to mitigate the risks posed by such programmes.

Citizenship-for-sale programmes - plagued by corruption, bribery and fraud

According to findings from international watchdogs and investigative reports, the global rise of CBI and RBI programmes provides opportunities for both wealthy investors and corruption, bribery and fraud. Without proper oversight, public officials may accept bribes or pocket the fees.

Although Malta's CBI programme is widely known for its four-tier due diligence system, cracks in the oversight process have been exposed. In 2016, three politically connected people acquired Maltese citizenship, raising serious concerns about the discretion afforded to officials involved in application approvals. In response, Maltese authorities later revised the system to limit the latitude of decision-makers and enhance scrutiny (FATF and OECD, 2023).
Transparency concerns are not limited to Malta. The opaque nature of CBI and RBI programme governance, characterised by a reliance on intermediaries and companies with hidden ownership, has heightened corruption risks throughout the entire process. From programme design and implementation to application facilitation, opportunities for bribery and misconduct abound. This lack of oversight complicates government efforts to address illicit practices (FATF and OECD, 2023).

The "Visagate" scandal in Poland brought such vulnerabilities to light. In 2023, investigative journalists uncovered a large-scale programme where Polish officials allegedly fast-tracked visa applications in exchange for bribes. Applicants paid brokers thousands of dollars for preferential treatment, bypassing standard vetting procedures (Surak, 2024). The Polish Ministry of Foreign Affairs reportedly distributed pre-approved applicant lists to embassies across the world. Poland's Prosecutor's Office confirmed evidence in 268 cases of visa fraud but experts warn this may only scratch the surface. Between 2021 and early 2023, Polish authorities issued more than 250 000 visas to applicants from across Asia, Africa, the Middle East and other regions (Schmitz, 2023). Observers suggest that a significant portion of those visas could be linked to the broader bribery programme currently under investigation. By early 2023, more than 150 000 foreign work visa holders were unaccounted for, neither working nor present in Poland, further suggesting systemic abuse (Surak, 2024).

Elsewhere in Europe, Bulgaria faced a similar scandal. On 29 October 2018, Bulgarian prosecutors announced the dismantling of a bribery programme involving the State Agency for Bulgarians Abroad. Officials were accused of selling fake certificates of Bulgarian origin, prerequisites for acquiring Bulgarian citizenship, at up to €5000 per document. The head of the agency, Petar Haralampiev, was arrested alongside more than 20 other suspects, including staff and intermediaries. Thousands are believed to have fraudulently obtained Bulgarian passports through the operation, particularly applicants from Ukraine, Moldova and North Macedonia. Despite the surge in naturalisations, more than 115 000 in the past decade, most foreign nationals acquiring Bulgarian citizenship do not settle in the country but use the passport for visa-free access to other EU nations. Authorities in France and Belgium report that Bulgarian-language interpreters are often required in criminal investigations involving people with Bulgarian passports who do not speak the language (Gotev, 2018).

Black market documents

Dr Surak explained that for those without official connections, passports can be easily obtained through the dark web. Counterfeit documents for an EU country typically cost around $1500, while genuine EU passports can sell for approximately $14 000.

Buyers can also acquire images of people holding their passports next to their faces, useful for online identity verification. Like the "grey market," these black market documents are far less expensive and more accessible than obtaining citizenship through CBI and RBI programmes. However, they carry greater risks, including uncertainty about whether they will be accepted when used and whether they will remain effective over time (Surak, 2024).

Golden passport programmes offer the privileges of full citizenship, but they are intended to come with profound responsibility. While the ultimate decision to grant citizenship lies with sovereign states, it is a right that must be safeguarded against misuse. As investment migration becomes a fixture of the global economy, the line between wealth and mobility grows ever thinner, along with the risk of abuse. The rise in identity laundering through CBI and RBI programmes highlights a critical vulnerability in the international financial system. Without greater transparency, stronger cross-border collaboration and shared enforcement tools, these programmes may serve not only as gateways to opportunity but as safe havens for criminal actors. With global scrutiny intensifying and pressure mounting, governments must confront the difficult task of reforming these programmes. The failure to act risks turning valuable tools for economic development into dangerous loopholes for transnational crime.

Editor's note

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