

Assessing the impact of banks on capital flight through...

Published: January 13, 2026, 8:42 am

At the core of my work is a concern about poverty. Some of that is in the UK, some in developing countries.

I and others have argued that the combination of opportunities that banks and secrecy jurisdictions provide promotes capital flight out of developing countries and into western economies — flight that we have argued might amount to \$1 trillion a year.

Now the official Norwegian aid agency — Norad — has produced a new publication that examines the literature (including some by me) on this subject. I strongly recommend the resulting work, which is [available here](#). As the preface says:

Systematic studies of the banking sector's involvement in facilitating capital flight from developing countries are limited. This paper was commissioned by Norad's Anti-Corruption Project (ANKOR) for the purpose of summarising key lessons from the existing literature and to identifying knowledge gaps. It focuses on capital flight from Africa and how much needed public finances are hidden abroad. The study is a desk study, based on a review of library and online literature databases and reports and documentation from national and international organisations.

The material reviewed does not provide the information necessary to draw firm conclusions as to what constitutes 'best practice' in providing donor support for better regulation of banks and financial institutions in Africa. The term 'best practice' itself is unclear and depends much on the environment within which finance institutions work. The review shows that banks should not be disregarded as passive players when analysing capital flight. Banks play an active role in facilitating capital flight from Africa. However, to improve the regulation of the banking and finance sectors, there is a need for more detailed knowledge on how banks actually operate as facilitators and the mechanisms applied.

This may be a technical paper, but this sort of study takes matters forward in a real way that helps to alleviate poverty. I warmly applaud Norway's initiative in publishing it.