

Is Luxembourg smelling the coffee on bank transparency,...

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There are several reports this morning that Luxembourg is backing down on the issue of banking secrecy. [As the BBC put it:](#)

Luxembourg would consider greater transparency of its banking sector to help curb tax evasion, the finance minister has told a German newspaper.

In an interview published on Sunday, Luc Frieden said he wanted to "strengthen co-operation with foreign tax authorities".

Speaking to Germany's Frankfurter Allgemeine Sonntagszeitung newspaper, Mr Frieden acknowledged that other countries were increasingly demanding more information on what their citizens were doing with their money in foreign banks.

"The international trend is going toward an automatic exchange of bank deposit information. We no longer strictly oppose that," he said.

Now, let's not go wild with excitement: "strictly opposed" still means they will fight tooth and nail, but this is important. I'm afraid it's not because of new tax haven revelations that this has happened; it is entirely because of the US FATCA. Luxembourg has agreed to sign a FATCA agreement with the USA and as a result has no choice but offer a similar deal to all 26 of its EU partners. With Austria being in the same boat the obstacle to major reform of the European Union Savings Tax Directive should be removed.

I won't be counting my chickens yet, but if this is in fact playing a game of appearing to move towards cooperation without duress despite the fact that Luxembourg has no choice but comply that's a game I can live with, on one condition And that's that it's over, quickly.