

Is it time to move on from the Corruption Perceptions I...

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The Corruption Perceptions Index (CPI) has been published by Transparency International (TI) since 1995, but has in recent years been subject to quite a lot of criticism, not least from the Tax Justice Network. To its credit TI recently asked four critics of the CPI to write 500 word essays on why they had concern. It published them yesterday. What follows is my contribution. [The others are available here.](#)

There is no doubt that the CPI had a role and a place in the history of the civil society movement that has sought to expose corruption worldwide. I have very significant doubts that it still has such a role in 2014.

In 1995 it may have been acceptable to prepare indices on the basis of the opinion of unnamed and unknown persons and suggest they were reliable. In 2014 that is no longer the case: objective data is now needed to appraise the scale, nature and type of corruption found within a jurisdiction. Perversely, in seeking to expose corruption, which always takes place behind a veil of secrecy, the CPI does itself use opaque and subjective methodologies that mean that any assessment of reliability is almost impossible in the case of this index.

It may also have been true in 1995 that the major focus of concern with regard to corruption was the public sector of the various countries being surveyed, but we now know that this is no longer the case. The vast majority of public sector corruption is petty. That is not to deny its consequence and even its individual significance, but in terms of overall corruption an index that focuses solely upon this issue has the potential to be seriously misleading, and the CPI potentially is just that for many who use it without in-depth investigation.

As has been shown by numerous organisations investigating issues relating to transparency, accountability, corruption, illicit financial flows, tax evasion and the behaviour of kleptocrats during the course of the present century, it is the corruption that exists within the private sector that is of greater significance with regard to all these issues, which in total amounts to sums vastly greater than those resulting from some public sector corruption.

So, and for example, tax abuse by multinational companies is estimated to cost developing nations more than 10 times the sum that they receive in aid each year whilst exposure after exposure of high-level corruption within states by organisations such as Global Witness highlights the use of tax havens, offshore secrecy service providers, the use of front organisations and shell companies, and the capture of the legislature of some small states to provide apparently legal veils of secrecy that facilitate such crimes as the key components in the corruption that threatens to undermine the viability and durability of states, corporations, international trade, and the well-being of a great many within the world's population.

The CPI goes nowhere near these issues. Indeed, it is perverse that the governments of Denmark, New Zealand, Singapore, Switzerland and the Netherlands, all of whom appear in the top 10 cleanest countries in the CPI, are widely considered to be purveyors of various forms of tax abuse mechanism used to facilitate illicit financial flows.

The inevitable conclusion is that the CPI is outdated, its methodology is no longer valid, its message is incomplete and confusing, and what it seeks to measure is no longer relevant. It is time to move on.