Funding the Future

Financial Secrecy: a curse that still plagues the world

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In 2009 I directed the first ever iteration of the Tax Justice Network Financial Secrecy Index. It has come a long way since then, in both scope, depth and influence. The latest iteration of the index, in which I now have no involvement, was published today. As the Tax Justice Network says of it:

The US has overtaken Switzerland in a global ranking of countries most complicit in helping individuals to hide their finances from the rule of law — but Cayman has leapfrogged both to rank as the worst offender. The Tax Justice Network's Financial Secrecy Index 2020, published today, has revealed that financial secrecy around the world is decreasing as a result of recent transparency reforms. On average, countries on the index reduced their contribution to global financial secrecy by 7 per cent.

But a handful of jurisdictions accounting for a large share of global financial services have bucked the trend, most notably the US, Cayman and the UK. With Switzerland finally improving enough to move off the top of the index, an Anglo-American axis of secrecy now constitutes by far the greatest global threat of corruption and tax abuse. The Tax Justice Network is calling on policymakers to prioritise sanctions against these backsliders.

The sixth edition of the biennial Financial Secrecy Index sees Switzerland reduce its ranking to the third biggest enabler of financial secrecy in the world, marking the first time the country did not rank worst on the index since 2011. Despite escalating its contribution to global financial secrecy since the publication of the 2018 edition of the index, the US remained the second biggest enabler of financial secrecy in the world after Cayman overtook both the US and Switzerland to the top of the 2020 index. This marks the first time Cayman ranked first on the Financial Secrecy Index. The top 10 biggest enablers of financial secrecy in the world currently are:

* Cayman Islands
* United States
* Switzerland

* Hong Kong
* Singapore
* Luxembourg
* Japan
* Netherlands
* British Virgin Islands
* United Arab Emirates

The Financial Secrecy Index ranks each country based on how intensely the country's legal and financial system allows wealthy individuals and criminals to hide and launder money extracted from around the world. The index grades each country's legal and financial system with a secrecy score out of 100 where a zero out of 100 is full transparency and a 100 out of 100 is full secrecy. The country's secrecy score is then combined with the volume of financial activity conducted in the country by non-residents to calculate how much financial secrecy is supplied to the world by the country.1

A higher rank on the index does not necessarily mean a jurisdiction is more secretive, but rather that the jurisdiction plays a bigger role globally in enabling secretive banking, anonymous shell company ownership, anonymous real estate ownership or other forms of financial secrecy, which in turn enable money laundering, tax evasion and huge offshore concentrations of untaxed wealth. A highly secretive jurisdiction that provides little to no financial services to non-residents, like Samoa (ranked 86th), will rank below a moderately secretive jurisdiction that is a major world player, like Japan (ranked 7th).

Breakdown of key ranking changes on the Financial Secrecy Index

Cayman is now the biggest enabler of financial secrecy in the world

Cayman has increased its supply of financial secrecy to the world by 24 per cent, moving it up from third on the 2018 index to first on the 2020 index. The deterioration is a result of Cayman increasing the volume of financial services it provides to non-residents by 21 per cent. It is also partly due to Cayman's secrecy score increasing by 4, from 72 to 76 out of 100, after Cayman failed to keep up with methodological updates to the Financial Secrecy Index that reflect the evolving nature of the financial secrecy landscape.2 The growth of Cayman's global role points to major risks emanating from its hedge fund industry, which uses companies, trusts and limited partnerships that are cloaked in secrecy.

How the United States overtook Switzerland

The US has so far failed to meet ambitions announced last year by Senator Lindsey Graham at a Senate committee hearing to improve its ranking on the Financial Secrecy Index. Chairing the “Combating Kleptocracy: Beneficial Ownership, Money Laundering and Other Reforms” Senate committee hearing, Senator Lindsey Graham said3:

“***According to the Tax Justice Network…we're second behind Switzerland in terms of safe havens for money laundering…We're going to find a way to not be second. We're going to find a way to make it harder to park stolen money in America***.”

The US remained second on the 2020 edition of the Financial Secrecy Index and further increased its supply of financial secrecy to the world by 15 per cent. Switzerland, in contrast, reduced its supply of global financial secrecy by 12 per cent, leading to the US overtaking Switzerland on the index. On average, countries on the index reduced their supply by 7 per cent.

The US's increased supply is primarily a result of its worsened secrecy score, which rose by 3 (to 63 out of 100), largely attributed to the passing of a new law in New Hampshire permitting the establishing of non-charitable private foundations without the need for disclosure.4 Switzerland's reduced supply of financial secrecy is partly due to Switzerland reducing its secrecy score by 2 (to 74 out of 100) after it increased the number of countries with which it automatically exchanges information with under the Common Reporting Standard.5 The US has yet to sign up to the Common Reporting Standard6, which currently has 105 signatories. Switzerland's reduced supply of financial secrecy is also partly due to a reduction in the volume of financial activity conducted in the country by non-residents.

Clark Gascoigne, the interim executive director of the US-based Financial Accountability and Corporate Transparency (FACT) Coalition, said:

“As the data clearly demonstrates, financial secrecy remains a major problem in the US – enabling crimes like human trafficking, tax evasion, and corruption both at home and abroad. Fortunately, there is reason for optimism. Research like the Financial Secrecy Index has fostered bipartisan recognition of the problem. The US House of Representatives passed a bipartisan measure – the Corporate Transparency Act – in October to end the abuse of anonymous companies. Similar legislation, known as the ILLICIT CASH Act, is now being considered by the Senate Banking Committee. After more than a decade of debate, 2020 should be the year that the US finally enacts major transparency reforms to better protect our financial system from abuse.”

UK increases financial secrecy at home and through its spider web

The UK increased its secrecy score more than any other country. While countries on the

Financial Secrecy Index on average decreased their secrecy scores by 3 marks out of 100, the UK increased its secrecy score by 4 marks, from 42 to 46 out of 100.7 The worsened tolerance for financial secrecy practices in the UK led to the UK increasing its overall supply of financial secrecy to the world by a whopping 26 per cent, catapulting the country from 23rd on the 2018 index to 12th on the 2020 index. In comparison, other countries on the index on average reduced their supply of financial secrecy by 7 per cent.

The UK's financial secrecy escalation extended to its network of satellite jurisdictions to which the UK outsources some of its financial secrecy activity. Often referred to as the UK spider's web, the network is made up of Overseas Territories and Crown Dependencies where the UK has full powers to impose or veto lawmaking, and where powers to appoint key government officials rest with the British Crown.8 At the centre of the network is the City of London, which receives and launders wealth brought in by the satellite jurisdictions.

The UK's spider's web included some of the highest ranking jurisdictions on the Financial Secrecy index, including Cayman, which ranked first on the Financial Secrecy Index, the British Virgin Islands which ranked 9th and Guernsey which ranked 11th. The satellite jurisdictions that make up the UK's spider web on average increased their supply of financial secrecy to the world by 17 per cent, which is more than double the rate at which countries around the world on average reduced their supply to global financial secrecy. If the UK and its network of Overseas Territories and Crown Dependencies were treated as a single entity, this UK spider's web would rank first on the index.

John Christensen, a director and founder of the Tax Justice Network, said:

"The UK showed the world true leadership in 2016 by being the first country to adopt a public beneficial ownership register — now that progress has been thrown in reverse. The UK's surge up the Financial Secrecy Index raises serious concerns about the UK's post-Brexit strategy to turn the City of London into a 'Singapore-on-Thames'. This should be particularly concerning for EU countries, which collectively reduced their supply of financial secrecy to the world by 8 per cent while the UK escalated its supply by 26 per cent.

"A more secretive and poorly regulated City of London is bad news for everybody, including people in the UK. Evidence shows that the UK's oversized financial sector cost the UK economy £4.5 trillion in lost economic output between 1995 and 2015 — equivalent to £67,500 for every person in the UK.9 A post-Brexit 'Singapore-on-Thames' strategy would see more money extracted from people in Britain and the rest of world to the pockets of the very wealthiest."

OECD countries responsible for nearly half of financial secrecy in the world

OECD countries are responsible for 49 per cent of all financial secrecy in the world, as measured by the Financial Secrecy Index in 2020. OECD countries directly supplied 35 per cent of global financial secrecy measured by the index and 14 per cent indirectly through their dependencies to which they outsource some of their financial secrecy, including dependencies like the US Virgin Islands and Curacao, and the dependencies that make up the UK spider's web.10

The secrecy scores of OECD countries and their dependencies reveal a hypocrisy in curbing financial secrecy. OECD countries had an average secrecy score of 54 out of 100; however, their dependencies had an average secrecy score of 73. In comparison, non-OECD countries (excluding OECD dependencies) had an average secrecy score of 67 out of 100. By outsourcing financial secrecy to their dependencies, OECD countries enable some of the worst forms of financial secrecy in the world while exercising stricter regulations on financial secrecy within their own borders.

Germany cuts financial secrecy by a third after resisting OECD in favour of transparency

Germany has dramatically reduced its supply of financial secrecy to the world by 35 per cent, taking its ranking down from 7th on the 2018 index to 14th on the 2020 index. The reduction is primarily a result of Germany reducing its secrecy score by 7 to 52 out of 100 after making several improvements to beneficial ownership registration requirements. These included requiring companies, partnerships and foreign trusts to disclose who their beneficial owners are. Germany has now also made some beneficial ownership information available online.

Germany avoided sabotaging its improved secrecy score by breaking ranks with the OECD in favour of more robust country by country reporting laws. OECD guidance only permits countries to locally request country by country reports from local subsidiaries of multinational corporations as a method of last resort after a number of conditions have been met.11

Germany was among 19 countries on the 2018 edition of the Financial Secrecy Index that permitted local authorities to more easily request country by country reports directly from local subsidiaries, even if the OECD's conditions had not been met. Of those 19 countries, 10 have now changed their laws to comply with OECD guidance, which has resulted in a negative effect on their secrecy score. These include the UK, which has surged upwards through the Financial Secrecy Index, Hong Kong and Jersey. Germany did not bring its laws on country by country reporting in compliance with OECD guidance, helping it achieve its biggest reduction on record in contribution to global financial secrecy. However, Germany continues to play a key role in preventing the European Union from enacting a more ambitious and binding public country by country reporting standard.

Luanda Leaks: Angola is second most secretive country in the world

The 2020 edition of the Financial Secrecy Index is the first edition to rank Angola. The country plays a minor role in the global provision of financial services to non-residents, but is highly secretive. Angola ranked as the 35th biggest enabler of financial secrecy in the world and received a secrecy score of 80 out of 100 — the second highest secrecy score of any country, after Maldives.

Global financial secrecy is shrinking: reform success and opportunities ahead

The global total of all financial secrecy measured by the Financial Secrecy Index has shrunk by a hefty 7 per cent since 2018. This reduction is equivalent to erasing from the 2018 edition of the index the contributions of both Switzerland and the United Arab Emirates — which had ranked 1st and 9th respectively. The reduction means less room for practices like secretive banking, anonymous shell company ownership or anonymous real estate ownership, which in turn means less room for money laundering, tax evasion and huge offshore concentrations of illicit and untaxed wealth.

The Financial Secrecy Index 2020 shows that the biggest reforms have been in automatic exchange of information12 and beneficial ownership registration13, whereas reforms in country by country reporting14 have been weak. These three areas of reform, also known as the “ABCs” of tax justice, have gained the most attention from campaigners, tax experts and policymakers in recent years.

The Financial Secrecy Index bases each country’s secrecy score on 20 indicators, each of which is scored out of 100. The average of the 20 indicator scores becomes the country’s overall secrecy score. The 20 indicators belong to four categories, one of which tracks countries’ performance on automatic exchange of information among other practices, another tracks performance on beneficial ownership registration and two track performance on country by country reporting.

The greatest reduction in indicator scores occurred on the category measuring countries’ implementation of automatic exchange of information, which saw countries on average reduce their scoring by 9 marks out of 100. This is primarily due to more countries automatically exchanging information under the Common Reporting Standard. Countries on average reduced their scoring on ownership registration, including beneficial ownership registration, by 4 marks out of 100. The two categories of indicators tracking performance on country by country reporting, however, saw little improvement from countries. On average countries reduced their scores on both categories by 0.4 marks out of 100.

Liz Nelson, a director at the Tax Justice Network, said:

“The sweeping reforms that were made in recent years and have led to a global curbing of financial secrecy were considered to be impossible to achieve when the first Financial Secrecy Index was published a decade ago. However, progress on country by country reporting remains slow, leaving

unchecked the rampant tax abuse that disproportionally undercuts the people who start out with less opportunities in life to begin with. Women, minorities and disabled people are more likely to pay the price of the bill left behind by tax abusers and be locked out of leading a meaningful and fulfilling life. The OECD currently has a once-in-a-century opportunity to reform an international tax system that has allowed financial secrecy to flourish."

"While countries have dragged their feet on introducing public country by country reporting, corporations around the world have voluntarily begun to publish their country by country reports under the new GRI tax standard.15 The GRI tax standard published last year delivers the highest quality of public country by country reporting data, as formulated by experts from all stakeholder groups including multinationals and accounting firms. We urge the OECD to take onboard the robust transparency measures that responsible businesses and civil society groups have voluntarily rallied behind."

Recommendations: "The world has started to win the fight against financial secrecy"

The Financial Secrecy Index 2020 shows that robust international standards on transparency can be effective in driving meaningful progress. The Tax Justice Network is recommending three immediate actions:

* ***Counter-measures***. Governments are increasingly recognising the harmful consequences of financial secrecy, and have begun to take action to reduce it. To truly stamp out financial secrecy, meaningful counter-measures are now needed against jurisdictions and their economic actors that refuse to cooperate — regardless of their economic power.16

* ***Corporate tax transparency***. As the OECD reviews its standard for country by country reporting this year, they must address the major technical flaws of current standards and converge towards the new Global Reporting Initiative (GRI) tax standard. Governments, including those of the EU which have repeatedly delayed, must follow the lead of major companies that are now voluntarily reporting such data, and make publication mandatory.

* ***Anonymous ownership***. The Financial Action Task Force17 must add public registration of beneficial owners and legal owners of all legal vehicles to its binding recommendations.

Alex Cobham, chief executive at the Tax Justice Network, said:

"The world has started to win the fight against financial secrecy, and that's good news for everybody. Financial secrecy has kept drug cartels bankable, tax abuse feasible and human trafficking profitable — but the majority of

countries are now making it clear that this is not the world we want. Creating a fair world that treats all members of society as equals means reprogramming our financial and tax systems to run on transparency, not secrecy, making it impossible for criminals and elites to go uncounted and making sure countries are well-resourced and well-governed to support everyone to lead a meaningful and fulfilling life. We still have a lot of work to do ahead — our governments must keep their foot to the pedal.

"It is deplorable, however, that in the face of this progress, an Anglo-American axis of secrecy has actively chosen to double down on the practices that exacerbate corruption, tax abuse and global inequalities. Polling18 shows that people in the US and UK favour greater transparency and progressive taxation — but if their governments are unwilling to deliver this, then responsible policymakers elsewhere must actively consider countermeasures."

Renowned economists and campaigners comment on the Financial Secrecy Index

Gabriel Zucman, a commissioner at the Independent Commission for the Reform of International Corporate Taxation (ICRICT) and professor of economics at the University of California at Berkeley, said:

"The Financial Secrecy Index is like the Hubble telescope of tracking harmful regulations around the planet and mapping out a trajectory towards a more transparent world. For wealth taxes being debated this election year to be effective at tackling historic levels of inequality in the US, we must curb financial secrecy. But while countries around the world are making progress towards financial transparency the US seems to be digging its heels in secrecy.

"At the start of the last decade, beneficial ownership registration was thought to be impossible to achieve. Today, it's a global transparency standard — one which the US has yet to implement. The US must tackle the financial secrecy taking root in its backyard in order to tackle inequality at home and abroad."

JosÃ© Antonio Ocampo, ICRICT chair and Professor in the School of International and Public Affairs at Columbia University, said:

"We welcome the global progress on curbing financial secrecy reported by the Tax Justice Network today. The good news is a credit to years of hard work by civil society groups, governments and journalists around the world fighting for financial transparency. What was once thought impossible is today a reality — let that be a rally call for us all to double our efforts to

stamp out financial secrecy and its harmful consequences.

"Lower-income countries supply just 1 per cent of the financial secrecy measured by the Financial Secrecy Index, yet their countries are more vulnerable to the sting of financial secrecy. It is imperative that lower-income be better included in this new chapter in the fight against financial secrecy."

Patricia Miranda of Latindadd and chair of the Financial Transparency Coalition, said:

"We're delighted to see this evidence of global progress against the scourge of financial secrecy that underpins tax abuse and other corrupt practices. But it is deeply worrying to see the United States, along with the UK and its network of dependent territories, sliding backwards. It is crucial that all jurisdictions meet the new international standards — and that lower-income countries be fully included in the benefits of transparency."

Dereje Alemayehu, executive coordinator of the Global Alliance for Tax Justice, said:

"The new Financial Secrecy Index confirms the structural injustices of the international policy architecture. The results reveal that OECD members and their dependent territories are overwhelmingly responsible for the secrecy underpinning the major global threats of tax abuse and other corrupt practices. But these same countries prevent greater progress in international standards, and exclude lower-income countries from the benefits of transparency. It is a bad joke that the EU can blacklist a country like Fiji as non-cooperative, while pretending they cannot see the outright rejection of international standards by the world's biggest financial centre, the United States."

Louise Russell-Prywata, OpenOwnership Senior Programs and Policy Manager, said:

"These results not only show more countries are legislating for beneficial ownership transparency since 2018, but also highlight that there is so much further to go to make data as accessible and usable as possible. The FSI also draws attention to secrecy legislation that is holding back full beneficial ownership transparency. OpenOwnership is working with a range of countries around the world to make this happen and feeding lessons learned to the wider community."

-ENDS-

View the Financial Secrecy Index 2020

Notes to Editor

* Following a ***methodology pioneered by the IMF*** ***in 2007, the index uses IMF Balance of Payments statistics on exports of financial services and other IMF data on cross border financial activity to determine the volume of financial***

activity conducted in each country by non-residents. The global scale weight represents a jurisdiction's share in global financial services exports. The greater a country's global scale weight, the greater responsibility it has to curb financial secrecy. A highly secretive jurisdiction that provides little to no financial services to non-residents will ultimately be responsible for a small share of global financial secrecy, whereas a moderately secretive jurisdiction that is a major world player will contribute a larger share of global financial secrecy and rank higher on the Financial Secrecy Index.

*** The Financial Secrecy Index's methodology is periodically updated to address the evolving nature of the financial secrecy landscape, similar to how a firewall is updated to protect against newly exposed vulnerabilities. The methodology for 2020 saw tighter evaluation of irregularities and unique combinations of loopholes that can be used to provide financial secrecy. This resulted in increases in secrecy scores for a few countries that had not made significant regulatory changes to their financial or tax systems.***

*** *Full video of the Senate Committee Hearing* on "Combating Kleptocracy: Beneficial Ownership, Money Laundering, and Other Reforms", Wednesday 19 June 2019 (see 31 minute mark).***

*** New Hampshire enacted Chapter 564-F-*The New Hampshire Foundation Act* at the end of 2017, after the cut-off date for assessing jurisdictions for the 2018 edition of the Financial Secrecy Index. The act allows private foundations to be set up without needing to disclose the identity of the foundation's founders, beneficiaries or beneficial owners.***

*** The Common Reporting Standard (CRS) calls on jurisdictions to collect information on the financial activities of non-resident individuals, corporations and legal vehicles and automatically exchange that information with the jurisdiction in which the individual, corporation or legal vehicle resides. The Common Reporting Standard was brought into effect by the OECD in July 2014 and has steadily seen more countries sign up to the standard and expand the number of countries they exchange information with. A full list of signatories to the multilateral international agreement to implement the Common Reporting Standard is *available here*. The Tax Justice Network *first called* for the practice of automatic exchange of information in 2005, at which point the practice was believed by many to be impossible to implement.***

*** The US is not signed up to the Common Reporting Standard. It instead implements its own standard, the Foreign Account Tax Compliance Act (FATCA). Under FATCA, countries that have signed up to exchange information with US do not receive reciprocal information in return. Some countries receive no information in return while some receive partial reciprocity from the US where some basic information is shared. Importantly,***

the US does not share beneficial ownership information, allowing non-residents to hide their bank accounts in the US by holding them through legal vehicles. A full list of signatories to the multilateral international agreement to implement the Common Reporting Standard is [available here](#).

* ***The UK's secrecy score increased by 4 marks partly due to the UK no longer permitting local authorities to request country by country reports directly from local subsidiaries if OECD requirements have not been met. The UK brought its country by country reporting laws in line with the OECD framework which reduced the robustness of the UK's country by country reporting requirements. The increased secrecy score is also partly due to the UK failing to keep up with methodological updates to the Financial Secrecy Index that reflect the evolving nature of the financial secrecy landscape. Please see note 2 for more information on updates to our methodology.***

* ***The UK spider's web comprises of the following British Overseas Territories and Crown Dependencies: Cayman Islands, British Virgin Islands, Guernsey, Jersey, Gibraltar, Bermuda, Isle of Man, Anguilla, Turks and Caicos Islands and Montserrat.***

* ***The Sheffield Political Economy Research Institute (SPERI) at the University of Sheffield published [a report titled "The UK's Finance Curse? Costs and Processes"](#) revealing that the UK has suffered a £4.5 trillion cumulative cost in lost economic output from 1995-2015, equivalent to roughly 2.5 years of the average GDP across the period.***

* ***OECD dependencies, excluding the UK spider's web, are: Aruba, Curacao, Puerto Rico and US Virgin Islands. For the UK spider's web, please see note 6.***

* ***More background information on the OECD's framework on country by country reporting and on robust county by country reporting is [available here](#).***

* ***Automatic exchange of information involves countries automatically sharing information on the financial activities of non-resident individuals, corporations and legal vehicles with the jurisdiction in which the individual, corporation or legal vehicle resides. Making the sharing of information automatic eliminates the obstacles, delays and politics that have deterred international cooperation and helped financial secrecy flourish. The Tax Justice Network [first called](#) for the practice of automatic exchange of information in 2005, at which point the practice was believed by many to be impossible to implement. More information on automatic exchange of information is [available here](#).***

* ***A beneficial owner of a company is the real person, made of flesh and blood, who ultimately owns, controls or receives profits from a company or legal vehicle, even when the company legally belongs to another person, like a broker or a shell company. Companies must typically register the identities***

of their legal owners, but not necessarily their beneficial owners. In most cases, a company's legal owner and beneficial owner are the same person. But when they're not, beneficial owners can hide behind legal owners, making it practically impossible to tell who is truly running and profiting from a company. Mossack Fonseca, the offshore service provide at the centre of the Panama Papers scandal, did not know who the beneficial owners were of more than 70 per cent of the 28,500 active companies it provided services to, despite serving as legal owners of some of those companies. Beneficial ownership registration involves requiring legal vehicles to register who their beneficial owners are in addition to their legal owners. More information on beneficial ownership information is available here.

* ***Country by country reporting is a reporting practice that requires companies to publish information on the profits and costs they incur in every country they operate in, instead of only publishing a global summary of their profits and costs that lumps and blankets their country-level profits and costs into one aggregate. By breaking down profits and costs at the country level, citizens and local authorities can see whether multinational corporations are illicitly shifting profits out of the country under the guise of costs to avoid tax. The first draft accounting standard for country by country reporting was developed by the Tax Justice Network in 2003. Publication of country by country reporting data serves as a strong deterrent against profit shifting. More information on country by country reporting is available here.***

* ***The GRI Tax Standard, published in December 2019, is the first global standard for comprehensive tax disclosure at the country-by-country level. It supports public reporting of a company's business activities and payments within tax jurisdictions, as well as their approach to tax strategy and governance. The standard was developed in consultation with global investors, civil society groups, labour organizations, accounting firms and tax experts, as it will help address their growing demands for tax transparency. The GRI Tax Standard delivers the highest quality of public country by country reporting, which was first proposed as an international accounting standard in 2003 by the Tax Justice Network.***

* ***Examples of counter-measures countries could take against worst offenders:***

The Tax Justice Network does not propose a blacklist approach, given the history of politicisation and failure of such approaches. The Financial Secrecy Index confirms that there is no binary distinction between 'good' and 'bad' jurisdictions, but rather a spectrum of secrecy in which all countries have progress still to make. To that end, we propose countermeasures that affect directly the economic actors from less transparent jurisdictions. Clear examples would include an approach based on the US's FATCA (see note 6), in which financial institutions can face withholding taxes if they do not participate in the automatic exchange of information. A 'reverse FATCA', targeting the financial institutions of the US as by far the biggest financial centre not to participate, would provide immediate leverage to the EU or others who might pursue such an approach. Less dramatically, governments can address themselves directly to the threat posed by opaque corporate entities from secrecy jurisdictions operating in their territories, by imposing higher standards. Companies, trusts and foundations from jurisdictions that do not require public reporting of ultimate beneficial ownership, for example, can be required to provide such reporting as part of the conditions of operating in other countries. Multinationals that are not required by their headquarters' jurisdiction to publish their country by country reports can similarly be required to do so.

* The ***Financial Action Task Force* (FATF) is an inter-governmental body established in 1989 by the Ministers of its Member jurisdictions. The objectives of the FATF are to set standards and promote effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system. The FATF has developed a series of Recommendations that are recognised as the international standard for combating of money laundering and the financing of terrorism and proliferation of weapons of mass destruction. The FATF monitors the progress of its members in implementing necessary measures, reviews money laundering and terrorist financing techniques and counter-measures, and promotes the adoption and implementation of appropriate measures globally.***

* ***For a comprehensive summary of recent polling in the US, see this resource from Americans for Tax Fairness. For the UK, see e.g. polls conducted by Tax Justice UK and Oxfam and by Christian Aid.***

* ***Correction***: An earlier version of the full ranking shared on Monday 3 February incorrectly listed Turkey in position 52 on the ranking with an FSI value of 229.73. Turkey's correct FSI value is 225.72, which takes Turkey down to 55th on the index. As a result of shift, Liechtenstein, Cameroon and Bangladesh all go up one position (from 53, 54, and 55, respectively, to 52, 53 and 54). The ranking currently available on the password-protected press kit webpage on the Tax Justice Network website was updated on Tuesday 11 February with this correct information.

Top 10 on the Financial Secrecy Index 2020

Rank	***Jurisdiction***	***FSI Value6***	***FSI Share7***	***Secrecy Score4***	***Global Scale Weight5***
1	Cayman Islands	1575.19	4.62%	76.08	4.58%
2	United States	1486.96	4.36%	62.89	21.37%

3	Switzerland	1402.10	4.11%	74.05	4.12%
4	Hong Kong	1035.29	3.04%	66.38	4.44%
5	Singapore	1022.12	3.00%	64.98	5.17%
6	Luxembourg	849.36	2.49%	55.45	12.36%
7	Japan	695.59	2.04%	62.85	2.20%
8	Netherlands	682.20	2.00%	67.40	1.11%
9	British Virgin Islands	619.14	1.82%	71.30	0.50%
10	United Arab Emirates	605.20	1.78%	77.93	0.21%

**** Blue highlighted jurisdictions are British Overseas Territories where the UK has full powers to impose or veto law-making, and where powers to appoint key government officials rest with the British Crown. If the UK and its network of Overseas Territories and Crown Dependencies were treated as a single entity, this UK spider's web would rank first on the index.***

The ***FSI Value*** is calculated by multiplying the cube of the Secrecy Score with the cube root of the Global Scale Weight. The final result is divided through by one hundred for presentational clarity.

The ***FSI Share*** is calculated by summing up all FSI Values, and then dividing each country's FSI Value by the total sum, expressed in percentages.

Secrecy Scores are scored out of 100, where a zero out of 100 is full transparency and a 100 out of 100 is full secrecy. Secrecy scores are based on 20 indicators. For full explanation of the methodology and data sources, please read our methodology document.

The ***Global Scale Weight*** represent a jurisdiction's share in global financial services exports. It indicates the volume of financial activity conducted in the country by non-residents.

Financial secrecy by world region

Jurisdiction	Sum of FSI Value	Sum of FSI Share	Average Secrecy Score	Sum of Global Scale Weight
Europe & Central Asia	10,109.0	29.9%	55.8	51.54%
East Asia & Pacific	6,822.6	20.0%	65.6	15.14%
Latin America & Caribbean	6,615.1	19.4%	68.0	5.91%
Middle East & North Africa	4,118.0	12.1%	69.4	1.92%
Africa	3,261.0	9.6%	69.5	0.62%
Latin America	2,459.6	7.2%	62.5	0.67%
Sub-Saharan Africa	2,313.6	6.8%	68.9	0.52%
North America	1,925.3	5.7%	59.4	22.97%
South Asia	1,011.4	3.0%	65.5	1.13%

Five most improved secrecy scores

Jurisdiction	Rank	Rank change	FSI Value change (%)	Secrecy Score change	Global Scale Weight change (%)
Bahrain	81	-64	-71.9%	-15.40	-83.8%
Dominican Republic	107	-38	-41.1%	-12.87	21.9%
Vanuatu	106	-40	-40.6%	-12.27	-19.9%

Antigua and Barbuda	122	-24	-28.4%	-10.80	21.3%
Indonesia	79	-22	-23.8%	-10.38	133.6%

Five most deteriorated secrecy scores

Jurisdiction	Rank	Rank change	FSI Value change (%)	Secrecy Score change	Global Scale Weight change (%)
United Kingdom	12	11	26.2%	3.85	-8.2%
Cayman Islands	1	2	24.3%	3.80	21.0%
Lithuania*	105	-8	52.9%	3.52	85.9%
Macedonia*	116	-14	37.9%	3.38	61.3%
United States	2	0	14.5%	3.06	-4.2%

**** Although Lithuania and Macedonia both increased their secrecy scores and the volume of financial activity conducted in their jurisdiction by non-residents, they both dropped on the ranking due to new countries being added to the Financial Secrecy Index 2020 that ranked above Lithuania and Macedonia.***

About the Tax Justice Network

The Tax Justice Network believes a fair world, where everyone has the opportunities to lead a meaningful and fulfilling life, can only be built on a fair code of tax, where we each pitch in our fair share for the society we all want. Our tax systems, gripped by powerful corporations, have been programmed to ask the least from the corporations and wealthy elites who extract the most from society, and to ask for more from the public for a lot less in return. The Tax Justice Network is fighting to repair this injustice. Every day, we equip people and governments everywhere with the information and tools they need to reprogramme their tax and financial systems to work for everyone.