

Key Financial Secrecy Indicators

1: Formal Banking Secrecy

What is measured?

This indicator shows if the jurisdiction has formal, legally enforced, banking secrecy.

The main source for this indicator is table B1 of the OECD-report (Tax Co-operation 2007 and 2008¹).

It is important to note that the absence of formal banking secrecy does not mean that banking data is publicly available, nor that public authorities necessarily have adequate information gathering powers. Absence of formal banking secrecy laws merely means that “the basis for bank secrecy arises purely out of the relationship between the bank and its customer (e.g. contract, privacy, common law)” (OECD 2008: 48). Commercial confidentiality of this sort is welcome and appropriate: banking secrecy is something quite different.

Why is it important?

Formal banking secrecy laws can help to obstruct information gathering requests from both national and international competent authorities such as tax administrations or financial regulators. Until 2005, most of the concluded [double tax agreements](#) did not specifically include provisions to override banking secrecy laws when responding to information requests by foreign treaty partners. Bank secrecy was, and remains in these cases, a massive obstacle to progress in obtaining information required to secure tax enforcement.

Since most trusts, shell companies, partnerships and foundations need to maintain a bank account, the beneficial ownership information banks are required to hold on the accounts they operate is often the only way to identify the people behind these corporate structures. Together with the recorded transfers, ownership records of bank accounts therefore are often the only available proof of criminal or illicit activity of individuals. This means it is of utmost importance that authorities with appropriate confidentiality provisions in place can

¹ The full title of this annual publication is “Tax Co-operation. Towards a Level Playing Field”. Because the OECD published its 2008 report during the research process, both the 2007 and 2008 report have been used. These publications served as a main source for many variables and, in the following, are referred to by “OECD-report” or “OECD publication”. See reference section for more details. The OECD writes the following explanation to this variable: “Table B 1 shows for all of the countries reviewed whether the basis for bank secrecy arises purely out of the relationship between the bank and its customer (e.g. contract, privacy, common law) [...or] whether it is reinforced by statute [...]” (OECD 2008: 48; TJN-notes in [brackets]).

access such banking data routinely without being constrained by additional legal barriers such as formal banking secrecy.

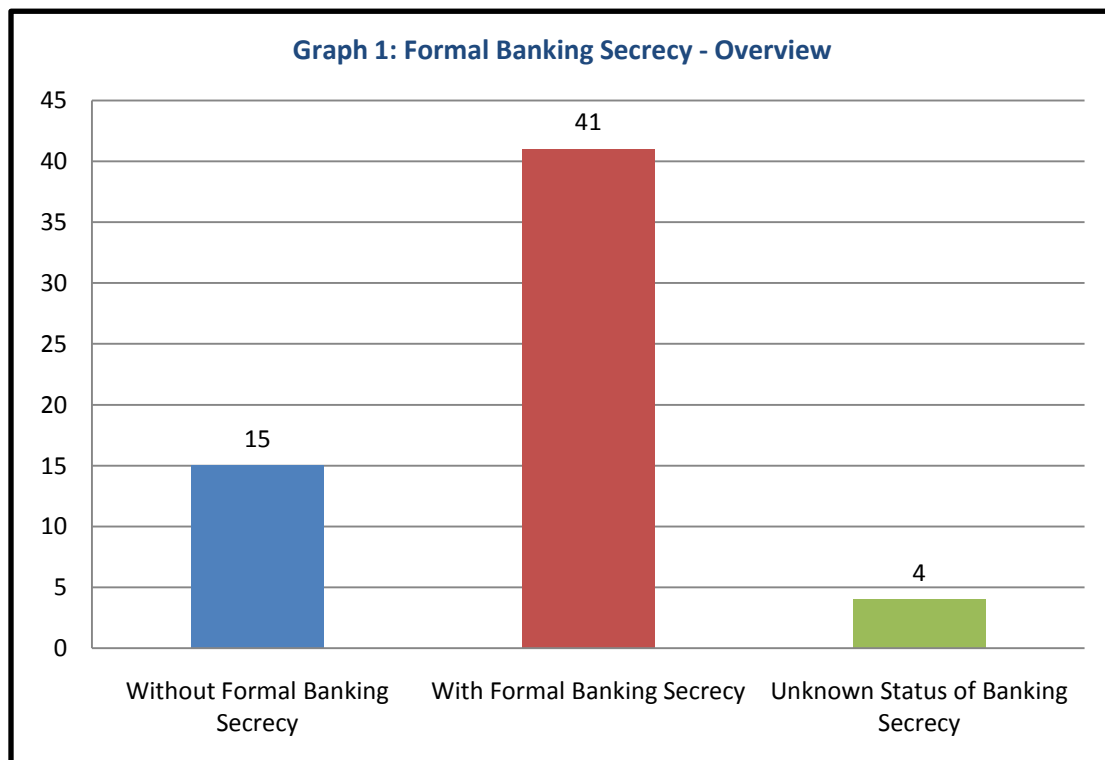
What are the crimes that might hide behind banking secrecy?

Any or all of tax evasion, hiding of the proceeds of corruption, organised crime (especially drug trafficking), illegal arms trade, trafficking in human beings, money laundering, the covering of illicit intelligence activity, non-payment of alimonies, and more besides might hide behind the benefits that formal banking secrecy provides.

Results Overview

Table 1: Formal Banking Secrecy - Overview

Number of Jurisdictions without formal banking secrecy:	15
Number of Jurisdictions with formal banking secrecy:	41
Number of Jurisdiction whose banking secrecy status is unknown:	4



Results Detail

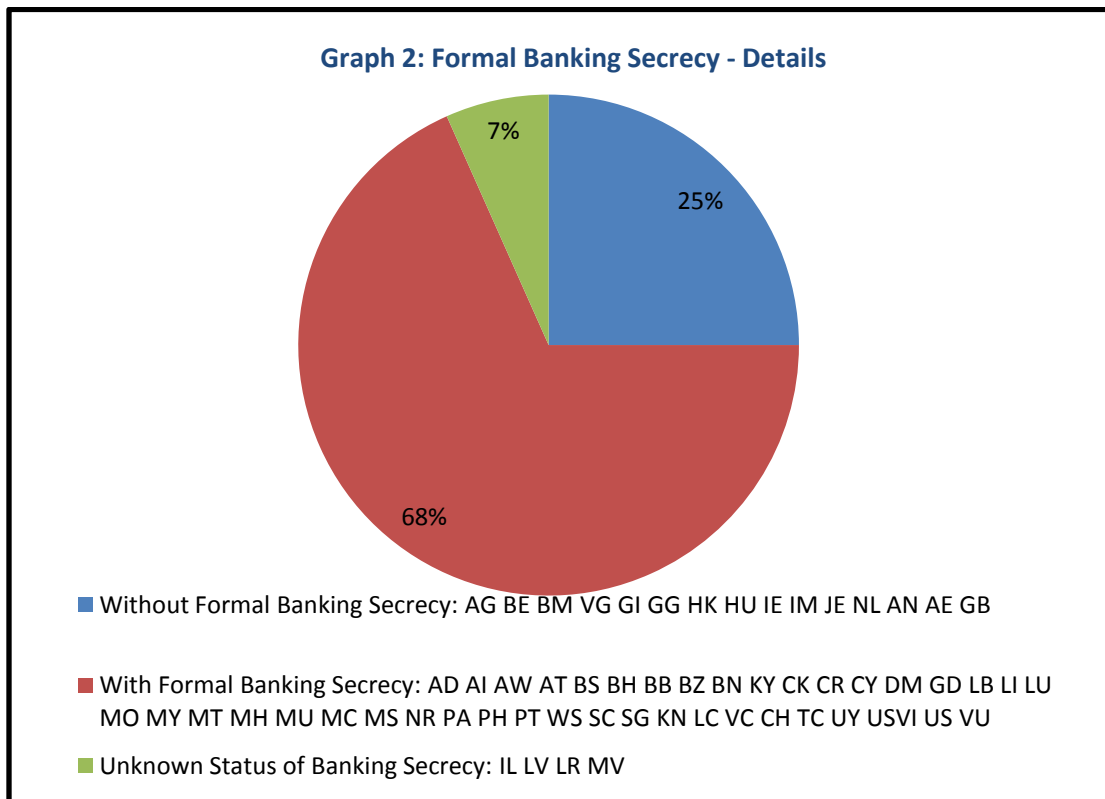


Table 2: Formal Banking Secrecy - Details

ID	Jurisdiction	ISO		ID	Jurisdiction	ISO	
1	Andorra	AD	Yes	31	Liechtenstein	LI	Yes
2	Anguilla	AI	Yes	32	Luxembourg	LU	Yes
3	Antigua & Barbuda	AG	No	33	Macao	MO	Yes
4	Aruba	AW	Yes	34	Malaysia (Labuan)	MY	Yes
5	Austria	AT	Yes	35	Maldives	MV	unknown
6	Bahamas	BS	Yes	36	Malta	MT	Yes
7	Bahrain	BH	Yes	37	Marshall Islands	MH	Yes
8	Barbados	BB	Yes	38	Mauritius	MU	Yes
9	Belgium	BE	No	39	Monaco	MC	Yes
10	Belize	BZ	Yes	40	Montserrat	MS	Yes
11	Bermuda	BM	No	41	Nauru	NR	Yes
12	British Virgin Islands	VG	No	42	Netherlands	NL	No
13	Brunei	BN	Yes	43	Netherlands Antilles	AN	No
14	Cayman Islands	KY	Yes	44	Panama	PA	Yes
15	Cook Islands	CK	Yes	45	Philippines	PH	Yes
16	Costa Rica	CR	Yes	46	Portugal (Madeira)	PT	Yes
17	Cyprus	CY	Yes	47	Samoa	WS	Yes
18	Dominica	DM	Yes	48	Seychelles	SC	Yes
19	Gibraltar	GI	No	49	Singapore	SG	Yes
20	Grenada	GD	Yes	50	St Kitts & Nevis	KN	Yes
21	Guernsey	GG	No	51	St Lucia	LC	Yes
22	Hong Kong	HK	No	52	St Vincent & Grenadines	VC	Yes
23	Hungary	HU	No	53	Switzerland	CH	Yes
24	Ireland	IE	No	54	Turks & Caicos Islands	TC	Yes
25	Isle of Man	IM	No	55	United Arab Emirates (Dubai)	AE	No
26	Israel	IL	unknown	56	United Kingdom (City of London)	GB	No
27	Jersey	JE	No	57	Uruguay	UY	Yes
28	Latvia	LV	unknown	58	US Virgin Islands	USVI	Yes
29	Lebanon	LB	Yes	59	USA (Delaware)	US	Yes
30	Liberia	LR	unknown	60	Vanuatu	VU	Yes