

Key Financial Secrecy Indicators

7: TJN-Survey 2009

What is measured?

This indicator shows if the jurisdiction participated in the TJN-Survey 2009. In January/February 2009, TJN-International Secretariat sent out two questionnaires to each of the 60 jurisdictions monitored¹ by registered delivery post. One questionnaire was addressed to the [Financial Services Authority \(FSA; click here for a copy\)](#) of the jurisdiction, and another sought information from the [Financial Intelligence Unit \(FIU; click here for a copy\)](#) of each place surveyed. Financial Services Authorities usually regulate banks, security markets and insurance companies. Financial Intelligence Units are responsible for anti-money laundering investigations.

If both agencies of a jurisdiction answered our questionnaire, we fully credited participation as an expression of openness and of the wish to enhance financial transparency. If only one of the two agencies answered, we credited the jurisdiction with a half mark. In the letter accompanying the questionnaire we made it clear that participation in the survey would be credited for these purposes.

Why is it important?

The absence of published financial sector data is at the core of financial secrecy. Unless details of the legal and institutional frameworks of a jurisdiction are published in a user-friendly way, those laws and regulations become a matter for a few experts who effectively “privatise” economic regulation for their own benefit by monopolising knowledge of the system. Furthermore, independent assessments of a financial regulator’s effectiveness are either impossible to undertake in that case or are only carried out under the terms and conditions of the regulators themselves, or in opaque fashion, as is, for example, the IMF review process.

As a result the general public is often kept in the dark about the true nature of what is happening in a jurisdiction. However, the public needs to be able to understand what sort of economic activity is taking place (or is pretended to take place) in every given jurisdiction without facing deliberately-created veils of secrecy, of complexity, or a mixture of both.

Because it is difficult to discern what jurisdictions deliberately create opacity and secrecy, we suggest that the participation of a jurisdiction’s regulators in a survey asking plain and straightforward questions about the legal / administrative and tax structure of a

¹ Except Austria and Belgium for using an erroneous, preliminary list of secrecy jurisdictions.

jurisdiction's financial sector is a fair preliminary test to identify a minimum commitment to financial transparency.

Consider, for instance, regulations concerning shell banks. Since the IMF-led assessments of the anti-money laundering regimes need not to be published, there is little information available to customers and financial regulators alike to assess risk when entering into correspondent banking relations with third parties. That is why, for instance, we have asked in our questionnaire if the jurisdiction has legislation in place to prevent correspondent banking relations with foreign shell banks. We also asked for a copy of this regulation.

Another example is the availability of certain legal provisions that may greatly facilitate law and tax enforcement. For instance it is important for tax administrations in other places to know if it is lawful in a given country to register trusts and/or foundations as beneficial owners because they can then more accurately assess the costs and expected benefits of a potential information request and thus take better decisions on the allocation of their resources dedicated to tax enquiries.

Tax and law enforcement authorities need information to fulfil their duties. The public needs to have access to orderly information for properly assessing market and consumer risk and for legitimate research purposes. Participating in a survey and generally consenting to the publication of the results is an indication that the importance of financial transparency is minimally acknowledged.

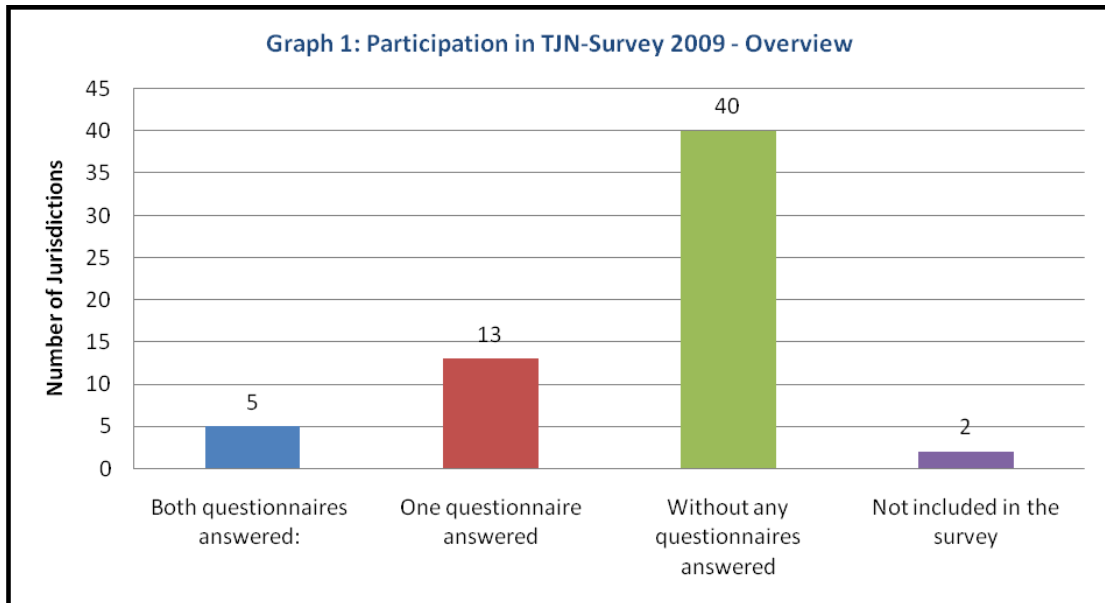
What are the crimes that might hide behind non-participation in the TJN-survey?

The act of non-participation itself cannot strictly be considered indicative of any criminal activity. However, given that participation indicates a bare minimal acknowledgement of the importance of financial transparency, whilst non-participation can fairly be assumed to indicate a resistance to even minimal financial transparency, implications can be inferred. Specifically, it is justifiable to infer that those jurisdictions refusing even a basic measure of transparency are potentially facilitating *all* of the financial crimes associated with non-transparency. These include any or all of tax evasion by individuals, financial fraud, infringement of competition rules, non-payment of alimonies, bankruptcy fraud, hiding of the proceeds of corruption, organised crime (especially drug trafficking), illegal arms trading, trafficking in human beings, money laundering, the covering of illicit intelligence activity.

Results Overview

Table 1: Participation in TJN-Survey 2009 - Overview

Number of jurisdictions with both questionnaires answered:	5
Number of jurisdictions with one questionnaire answered:	13
Number of jurisdictions without any questionnaires answered:	40
Number of jurisdictions not included in the survey:	2



Results Detail

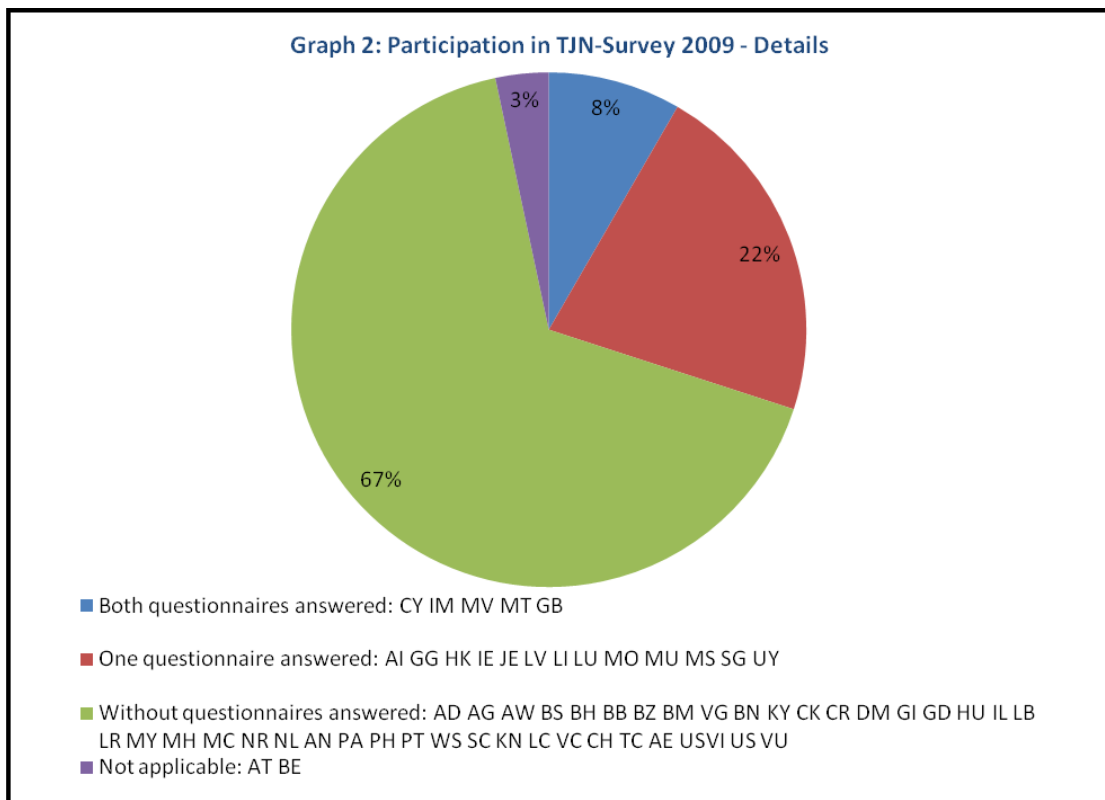


Table 2: Participation in TJN-Survey 2009 – Details: Number of answered Questionnaires (out of 2)							
ID	Jurisdiction	ISO		ID	Jurisdiction	ISO	
1	Andorra	AD	None	31	Liechtenstein	LI	One
2	Anguilla	AI	One	32	Luxembourg	LU	One
3	Antigua & Barbuda	AG	None	33	Macao	MO	One
4	Aruba	AW	None	34	Malaysia (Labuan)	MY	None
5	Austria	AT	N.A.	35	Maldives	MV	Two
6	Bahamas	BS	None	36	Malta	MT	Two
7	Bahrain	BH	None	37	Marshall Islands	MH	None
8	Barbados	BB	None	38	Mauritius	MU	One
9	Belgium	BE	N.A.	39	Monaco	MC	None
10	Belize	BZ	None	40	Montserrat	MS	One
11	Bermuda	BM	None	41	Nauru	NR	None
12	British Virgin Islands	VG	None	42	Netherlands	NL	None
13	Brunei	BN	None	43	Netherlands Antilles	AN	None
14	Cayman Islands	KY	None	44	Panama	PA	None
15	Cook Islands	CK	None	45	Philippines	PH	None
16	Costa Rica	CR	None	46	Portugal (Madeira)	PT	None
17	Cyprus	CY	Two	47	Samoa	WS	None
18	Dominica	DM	None	48	Seychelles	SC	None
19	Gibraltar	GI	None	49	Singapore	SG	One
20	Grenada	GD	None	50	St Kitts & Nevis	KN	None
21	Guernsey	GG	One	51	St Lucia	LC	None
22	Hong Kong	HK	One	52	St Vincent & Grenadines	VC	None
23	Hungary	HU	None	53	Switzerland	CH	None
24	Ireland	IE	One	54	Turks & Caicos Islands	TC	None
25	Isle of Man	IM	Two	55	United Arab Emirates (Dubai)	AE	None
26	Israel	IL	None	56	United Kingdom (City of London)	GB	Two
27	Jersey	JE	One	57	Uruguay	UY	One
28	Latvia	LV	One	58	US Virgin Islands	USVI	None
29	Lebanon	LB	None	59	USA (Delaware)	US	None
30	Liberia	LR	None	60	Vanuatu	VU	None