

**CHARLES UNIVERSITY**  
**FACULTY OF SOCIAL SCIENCES**

Institute of Economic Studies



**Tax havens' financial secrecy and its  
development**

*Bachelor thesis*

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## **Abstract**

Tax havens and global financial secrecy have become a major issue in the modern world. In order to effectively increase transparency across the world, it is important to know how the secrecy is developing over time. Financial Secrecy Index ranks jurisdictions according to their secrecy level and their share of the global market of the financial services provided to non-residents. Accurate information on development of secrecy plays an important role for policy makers who collaborate on the expansion of worldwide transparency. The main objective of the thesis is to reduce the influence of change of methodological approach applied in the calculation of the ranking by implementing this methodology to the previous edition of the Financial Secrecy Index. As a result, comparison of secrecy in involved jurisdictions has been enabled over last couple of years. The presented work seeks to find out whether the movements across the ranking were caused by the change of secrecy or by the change in methodology. Moreover, this thesis confirms that overall secrecy level is decreasing over time mainly as a consequence of the improvement in international standard and cooperation.

**JEL Classification**

F36, F63, F65, G28, H26

**Keywords**

Financial Secrecy Index, tax havens, secrecy jurisdictions, financial secrecy, offshore finance

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## Abstrakt

Daňové raje a svetové finančné utajovanie sa stalo v modernom svete vážnym problémom. K zvyšovaniu globálnej transparentnosti je potrebné detailne vedieť, ako sa časom vyvíja finančné utajovanie. Financial Secrecy Index usporadúva jednotlivé jurisdikcie podľa ich stupňa utajovania a ich podielu vo svetovom trhu finančných služieb, ktoré sú poskytované nerezidentom danej jurisdikcie. Presné informácie o vývoji finančného utajovania zohrávajú dôležitú úlohu pre politikov, ktorí spoločne pracujú na rozširovaní celosvetovej transparentnosti. Hlavným cieľom tejto bakalárskej práce je minimalizovať vplyv spôsobený zmenami v metodológii použitej pri zostavovaní rebríčka. Najnovšia metodológia je aplikovaná na predchádzajúcu verziu rebríčka z roku 2015. Následne je možné porovnávať úrovne finančného utajovania v jednotlivých jurisdikciách. Vykonané porovnanie zodpovedá otázku, či zmeny v metodológii mohli spôsobiť nežiadúce zmeny poradia v rebríčku, bez priamej zmeny levelu finančného utajovania. Navyiac, táto bakalárska práca potvrdzuje, že svetové finančné utajovanie sa časom znižuje a to najmä kvôli zlepšeniam v oblasti medzinárodných štandardov a spolupráce.

**JEL klasifikácia**

F36, F63, F65, G28, H26

**Kľúčové slová**

Financial Secrecy Index, daňové raje, finančné tajomstvo, zahraničné financovanie

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## **Declaration of Authorship**

1. The author hereby declares that he compiled this thesis independently, using only the listed resources and literature.
2. The author hereby declares that all the sources and literature used have been properly cited.
3. The author hereby declares that the thesis has not been used to obtain a different or the same degree.

Prague, January 5, 2020

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Matej Machil

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# Bachelor's Thesis Proposal

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## Proposed Topic:

Tax havens' financial secrecy and its development
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## Preliminary scope of work

### *Research question and motivation*

It is commonly thought that tax havens primarily provide possibilities of tax evasion to citizens of foreign countries. Some countries commonly labelled as tax havens offer foreigners not only lower tax rates, but also high financial secrecy – these countries are defined as secrecy jurisdictions. The objective of this thesis is to analyze development of financial secrecy, which is measured by Financial Secrecy Index (FSI), constituted biennially by Tax Justice Network. The index combines a jurisdiction's secrecy score and global scale weighting in order to produce a ranking of countries which are either developed economies with a substantial share of the offshore finance market or small countries with benign tax environment, as well as combinations of these dimensions.

In my thesis I will focus on secrecy scores representing the qualitative component of FSI. The overall secrecy score consists of 20 Key Financial Secrecy Indicators (KFSI) that are combined to form a country's secrecy score. The latest edition of FSI was published at the beginning of 2018, with fundamental changes in methodology in comparison with the preceding ranking launched at the end of 2015.

### *Hypotheses:*

1. Which countries were influenced the most by the changes in methodology?
2. If the same methodology is applied, has the secrecy of major jurisdictions increased or decreased?

### *Contribution*

The main objective of this thesis is to shed light on the comparison of methodologies used in the consecutive versions of Financial Secrecy Index. Not only the total number of KFSI has changed (increased from 12 to 15 and then to 20), furthermore, majority of existing indicators have been changed. Constitutional changes in methodology among the newest and previous rankings may have raised doubt about the movements in ranking positions of jurisdictions. As a result, the movement of tax jurisdictions in the ranking might have been caused by an overhauled methodology, which would imply a contradiction with the basic idea of FSI.

The design of FSI warrants that any changes in the ranking of countries across the FSI can be caused either by a jurisdiction's qualitative data, e.g. laws or regulations, which would result in higher or lower level of secrecy score, or by the change of a jurisdiction's share of total offshore financial services activity. The main contribution of this thesis is to answer the question, whether fundamental changes in methodology could affect the true position of the jurisdiction in the FSI. In addition, this thesis could help with estimating the best methodology for computing the Financial Secrecy Score in the future.

### **Methodology**

In order to answer the main question of this bachelor thesis, whether fundamental changes in methodology could affect the true position of the jurisdiction in the FSI or not, a new FSI will be constructed. This estimation of ranking will be based on a combination of previous versions of the Financial Secrecy Index. The methodology used to compute FSI 2018 will be applied to database of data published by Tax Justice Network, used to compute the secrecy score in FSI 2015. The second component of FSI – quantitative measure will be taken as given from the database of jurisdictions. The comparison of rankings from 2015 (under old and new methodology) with the latest edition of FSI will provide sufficient information to clarify movements of jurisdictions across the ranking over time.

### **Outline**

1. Introduction to the topic
2. Theoretical background of FSI
3. Comparison of methodologies used for computing the secrecy scores
4. Re-establishment of FSI 2015 applying methodology used for FSI 2018
5. Commenting on the empirical results
6. Conclusion

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# Acronyms

<b>AIE</b>	Automatic Information Exchange
<b>BEPS</b>	Base Erosion and Profit Shifting
<b>BO</b>	Beneficial Ownership
<b>BOSP</b>	Balance of Payments Statistics
<b>CbCR</b>	Country by Country Reporting
<b>CRS</b>	Common Reporting Standards
<b>CTCR</b>	Country-To-Country Reporting
<b>EC</b>	European Commission
<b>FATF</b>	Financial Action Task Force
<b>FDI</b>	Foreign Direct Investment
<b>FSI</b>	Financial Secrecy Index
<b>GF</b>	Global Forum
<b>GSW</b>	Global Scale Weighting
<b>IMF</b>	International Monetary Fund
<b>KFSI</b>	Key Financial Secrecy Indicator
<b>LEI</b>	Legal Entity Identifier
<b>LLC</b>	Limited Liability Company
<b>LO</b>	Legal Ownership
<b>MCAA</b>	Multilateral Competent Authority Agreement
<b>OECD</b>	Organization for Economic Cooperation and Development
<b>OFC</b>	Offshore Financial Centre
<b>PCC</b>	Protected Cell Company
<b>PIT</b>	Personal Income Tax
<b>SJ</b>	Secrecy Jurisdiction
<b>SS</b>	Secrecy Score
<b>TH</b>	Tax Heaven
<b>TIN</b>	Taxpayer Identification Number
<b>TJN</b>	Tax Justice Network

# 1. Introduction

In layman's understanding, the term "tax haven" is frequently understood as a mere geographical location, typically a small, isolated country, that provides tax evasions or money laundering to non-residents. However, among academics, no clear and stable definition of tax havens or offshore financial centres exists. The absence of consistent and convincing definition resulted in the failure in finding effective regulations, which could promote international transparency and suppress financial secrecy. In the modern world, the number of companies, which take advantage of illicit financial flows, tax cheating or avoiding strict financial regulations, has been threateningly increasing.

As Henry (2012) mentioned in his article, more than 20 trillion US dollars of personal financial funds in possession of wealthy individuals were stored in tax havens at the end of 2010. This number could be even higher, as it covers only financial wealth and does not include any real estates or other category assets. Although the international transparency has been improving over the last years (Cobham, Janský, Menzer 2015), there is still enormous room for improvement. In order to effectively fight against global secrecy, focus needs to be put on regulations, which make jurisdictions attractive. Worldwide cooperation plays a major role in the accurate identification of issues regarding secrecy world, as that is the only pragmatic approach how to control offshore financing.

In order to precisely identify which countries or locations are more or less secretive, two components have to be taken into consideration. Firstly, laws and regulation which provide benefits to non-residents and attract foreign financial flows have to be examined in each jurisdiction. Secondly, the size of a country's percentage of the world's market of the financial services provided to non-residents has to be reflected on. As Cobham, Janský, Menzer (2015) wrote in their article: "these components can be considered as measures of intensity and extensity, combined to show impact propensity". A ranking combining the above-mentioned elements, the Financial Secrecy Index (FSI), was established in 2009 in order to identify the biggest providers of financial secrecy across the world. Financial Secrecy Index refutes the commonly known perception, that the tax

havens are typically isolated islands, providing very attractive or sometimes even zero tax rates. Rich OECD state members were standing at the top positions of the all versions of the Index.

The aim of this thesis is to contribute to the paper of Janský, Palanský (2019), who studied the progress of global financial transparency, based on the evidence from the FSI. Their study shows how the financial secrecy developed through time period 2009 – 2018, when the FSI was being regularly published by the Tax Justice Network, a non-governmental international organization, specializing in the international features of financial regulation. However, the comparison of secrecy of studied jurisdictions over time poses several challenges, which have to be overcome in order to achieve robustness of the results. One of the most substantial concerns is presented in the changes of methodology for computing the qualitative part of the index, which have to reflect on progressively evolving standards of transparency. Substantial methodological changes have been made to the last edition of the FSI from 2018, making the comparison of secrecy more difficult and less accurate. Constitutional alterations to the methodology between the last two editions of the index have raised doubt about the movements across the FSI. If the above-mentioned was true, it would contradict the basic idea of the FSI. In order to prevent these unsolicited obstructions, a new adjusted version of the FSI 2015, will be constructed using a new current methodology. The outcomes of a new ranking will answer the question, whether fundamental changes in methodology could affect the true position of the jurisdiction in the FSI.

The structure of the rest of the thesis is as follows: In chapter 2, a review of the existing literature related to financial secrecy is carried out together with theoretical concept about the Financial Secrecy Index. Chapter 3 provides detailed information on the new methodological approach applied to the index, where each component of the qualitative part of the FSI is individually explained. Chapter 4 presents the results of the adjusted FSI 2015 in comparison with original versions of the FSI from 2015 and 2018. The final chapter of the thesis serves as conclusion and presents the contribution to the existing literature.

## **2. Literature review**

### **2.1. Development of financial secrecy**

Literature which provides insights about financial secrecy is relatively scarce. The deficit of scholarly literature is considered to be the consequence of putting emphasis mostly on tax havens (TH) or offshore financial centres (OFC) themselves. Definitions of the aforementioned phenomena are ambiguous, causing diverse complications to arise. Some of the emerged outcomes may be seen in the fact that international financial transparency is negatively underpinned. The imprecision paralyzes the opportunity to find a fully comprehensive response to the financial secrecy that fights against money laundering and malpractices of market regulations. Moreover, it also promotes increase of pressure on jurisdictions in order to attract capital from abroad and provide encouraging tax rates and other illegitimate economical activities.

Since both TH and OFC lack clear definitions, a variety of explanations may be adopted. The first ever report on tax havens, recognizing this problem, was the Gordon report to the American Treasury (1981) admitting “There is no single, clear, objective, test which permits identification of a country as a tax heaven”. A requirement for a proper definition was further confirmed by the UK’s Financial Services Authority in 2008 mentioning: “There is no internationally agreed definition of what constitutes an OFC, but there are common perceptions”. The article of Cobham, Janský, Menzer (2015) characterizes the result of the absence of properly defined understandings of the terms as a systematic weakness of resulting analyses in various fields of economics. However, tax havens and offshore financial centres have been for decades used regularly by laymen as synonyms. In fact, OFC is considered a successor of the term tax haven, as it was believed to break free from the binary nature of the terminology.

The main issue with the above-mentioned terms appears in their immeasurability. As a result, strong robustness of the results of various analyses is present, possibly leading to undesirably wrong conclusions. The key difference between TH and OFC may be observed in their own primary purpose. The most frequently applied term throughout the history – tax haven is considered as the most problematic one. The reason is obvious as it is principally associated with taxes. As described by Hampton (1996), the main



difference between TH and OFC is in “no, or at a best, low direct on indirect tax rates” provided by tax havens in comparison with other jurisdictions. In addition, Organization for Economic Cooperation and Development (OECD) (1998) reported four notable pillars for the establishment of a tax haven. The primary significance was not granted to “no, or only nominal taxes” but the report also emphasizes the lack of functional exchange of information, absence of transparency and exclusion of substantial activities. Economic geographers of the last decade of the 20th century such as Roberts, Cobb or Hampton commented on insufficiency and narrowness of the term tax haven and started to use a broader and more comprehensive term Offshore Financial Centre. In 2000 the International Monetary Fund (IMF) acknowledged OFC as “centres that provide some or all off the following services: i) low or zero taxation, ii) moderate or light financial regulation, iii) banking secrecy and anonymity”. Zoromé (2007) specified OFC as a jurisdiction with low regulation and untaxed or at least low-taxed banking sector, which provides a scale of financial services. Among recently published studies describing the offshore world, a new specific approach is frequently demonstrated. In the study Cobham, Janský, Menzer (2015) mentioned that “offshoreness” of foreign direct investments (FDI) have been empirically tested by using variety of expert’s agreements around TH listings and OFC. Following this approach, Wójcik (2012) interpreted the offshore jurisdictions as a “jurisdictions that specialize in attracting the registration of investment vehicles with foreign sponsors”. The earlier significant banking centres like Switzerland are replaced by the term ‘investment vehicles’, which primary emphasizes the location of registration of specific legal institutions.

Introduction of the term “secrecy jurisdiction” (SJ) by Murphy (2008) suggested operating with identifiable attributes, allowing to distinguish between jurisdictions that are part of ‘offshore’ world from jurisdictions that are not. In his article, significance is given to secrecy, as it allows inhabitants from abroad to benefit from the jurisdiction’s legal system. He proposed to use two crucial quantifiable characteristics, in order to ensure measurement by the definition. Firstly, “SJ creates regulation that they know is primarily of benefit and use to those not resident in their geographical domain”. Secondly, “creation of a deliberate, and legally backed, veil of secrecy that ensures that those outside the jurisdiction making use of its regulation cannot be identified to be doing so”.

The word “jurisdiction” plays a major role, as it represents geographical region providing regulations or legislations which are attractive for non-residents. One of the most recent definitions of SJ was published by Cobham, Janský, Menzer (2015), who described in their article: “Secrecy jurisdiction provides facilities that enable people or entities to escape or undermine the laws, rules and regulations of each jurisdiction elsewhere, using secrecy as a prime tool”.

Not all the jurisdictions are necessarily self-governing countries or states, even though some are, for instance Luxembourg or Malta. They can be also sub-national regions, for example Delaware located in the USA. In addition, the term jurisdiction is applicable for Overseas Territories and British Crown Dependencies as are Jersey or the Isle of Man. British Virgin Islands or Cayman Islands are example of a protectorate, where the word jurisdiction should be used as well.

## **2.2. Financial Secrecy Index**

In order to measure financial secrecy of each jurisdiction, Tax Justice Network (TJN) inaugurated the Financial Secrecy Index (FSI) back in 2009. TJN is a non-governmental organization established in 2003, aiming to gather together specialists in research, analysis and advocacy in the area of international financial regulation as well as in international tax laws. The main goal of TJN is to push for systematic change in the field of taxation, financial globalization or generally in the world of offshore tax havens. Noxious effects of tax avoidance, tax competition or tax evasion are studied, analyzed and explained with the purpose of meeting the main objective of TJN. The FSI is the ranking of jurisdictions based on two components – their financial secrecy level and their proportion of the offshore financial activities.

Secrecy score (SS) is used to measure the level of jurisdiction’s financial secrecy. The range of SS is normalized to 0 – 100, the lower the secrecy score is, the more transparent the country is. The calculation of SS is based on qualitative data which reflect regulation, laws, willingness to provide information or alternative reliable sources of each of the jurisdictions. The publicly available information of trade about financial services within a jurisdiction are used in order to determine the Global Scale Weighting (GSW). This quantitative part of index represents the ratio of offshore

financial activities taking place in jurisdiction in proportion to global total offshore financial services. In other words, GSW rivets attention to countries which affect financial secrecy globally with insignificant impact. In the computation of Financial Secrecy Index, important role is played by GSW, as it presents not only secrecy jurisdictions with high level of secrecy with minimal global effect, but highlights SJs which impact the global offshore world dramatically. Both parts, which are combined into FSI are further detailly described in this chapter.

As was previously brought up, the main goal of the FSI is to involve as many jurisdictions as possible, with respect to their particular financial secrecy level. Moreover, importance is also given to the level of provision of financial services. This restriction results in calculation of the SS of jurisdictions which are included in the current version of the FSI. On the contrary, the quantitative GSW are set up to reflect the data of all the countries, not taking into account whether they are listed in the FSI scope or not. To state it alternatively, summing up all the jurisdictions' Global scale weighting, we get 100%. Consequences of involving the entire world's data are not an issue. Specifically, in the last edition of the FSI from 2018, 112 jurisdictions were involved and represented 99,33% of all total exports of financial services.

In order to compare jurisdictions in terms of financial secrecy, both components of the index (SS, GSW) are mutually combined into one value, which creates a clear insight into the level of financial secrecy of the particular jurisdiction. The Financial Secrecy Index enables to compare countries' financial secrecy based on the different views. To show a share of global export of financial services that are implemented within a jurisdiction, GSW are adopted. On the other hand, SS stand for willingness and potential of the jurisdiction to be OFC. The absence of any element of the FSI would lead to totally different results, as each of them represents another aspect of financial secrecy. Table 1 summarizes the top 10 jurisdictions ranked by the FSI, Global Scale Weights and SS. A comparison between very secretive jurisdictions with minor share on the global market of financial services and relatively transparent, developed countries with considerable area provides a spectacular insight into the world of financial secrecy. Full Financial Secrecy Index from 2018 is appended in Appendix 1.

Table 1: Top 10 jurisdictions ranked by the FSI, GSW, SS in 2018

Ranking by	FSI	GSW	SS
1	Switzerland	USA	Vanuatu
2	USA	UK	Antigua and Barbuda
3	Cayman Islands	Luxembourg	Brunei
4	Hong Kong	Germany	Paraguay
5	Singapore	Singapore	Bahamas
6	Luxembourg	Switzerland	UAE (Dubai)
7	Germany	Hong Kong	Maldives
8	Taiwan	Cayman Islands	Bolivia
9	UAE (Dubai)	Ireland	Liberia
10	Guernsey	France	Kenya
Average SS	69,61	60,87	83,35
Sum of GSW	57,80%	79,19%	0,35%

Source: Financial Secrecy Index 2018

In order to determine the best method to combine SS and GSW and maintain the highest possible level of transparency a subjective approach is taken, as no objective approach exists, and possibly never will. For the latest ranking, the same formula as in all the previous editions of the FSI is applied. TJN defines the FSI for jurisdiction  $i$  as follows:

$$FSI_i = Secrecy\ Score_i^3 * \sqrt[3]{Global\ Scale\ Weight_i} \quad (1)$$

To follow one of the main objectives of the FSI, “to measure a jurisdiction’s contribution to global financial secrecy in a way that highlights harmful secrecy jurisdictions”, a formula stated above is preferred to a multiplicative combination of the two components. Therefore, cubing the secrecy score and taking the third cube root of the GSW ensures that emphasis is given mostly to the harmful secrecy regulations in contributing to the overall financial secrecy. The motivation behind is originated in 2 main problems which arise when single multiplication is used. Firstly, theoretical and empirical ranges of both components are significantly different. Secrecy scores may be scaled theoretically from 0 to 100, empirically (in the last edition of the FSI) between 42,35 to 88,56, GSW range theoretically between 0 to 0.993 and empirically from  $0,871 * 10^{-11}$  to 0,223. Secondly, GSW are distributed with substantial skewness to the left, which causes SS to be a significant element for majority of jurisdictions. This fact

results in a significantly high correlation between the GSW and the FSI causing that the final ranking will be driven by the particular values of the GSW. The following sections are dedicated to the detailed methodology of both parts of the Financial Secrecy Index.

### 2.3. Qualitative component: Secrecy Scores

Each jurisdiction receives a secrecy score based on 20 verifiable and detailed indicators, the so-called Key Financial Secrecy Indicators (KFSIs). These indicators were constructed in order to measure financial secrecy of a particular jurisdiction. By putting all the KFSIs together, a single value called the secrecy score is obtained for each jurisdiction. The KFSIs are based on publicly available information and referenced properly to their underlying sources. Qualitative data like laws, treaties, documents, regulations or various reports are used to assign scores for each of the indicators. According to TJN (2018) the primary data sources are, however, public reports published by the OECD, the IMF, the associated Global Forum (GF) or the Financial Action Task Force (FATF) alongside with specialist tax databases or various websites providing necessary data. All the KFSIs are divided into the so-called sub-indicators, with dissimilar impact on the final score of the indicator. The final SS is a value which theoretically exists in the range of 0 (perfectly transparent jurisdiction) to 100 (completely secretive jurisdiction). Practically, SS from 2018 varied between 41,83 (Slovenia) to 88,58 (Vanuatu).

As mentioned in the methodology of Tax Justice Network (2018), the 20 KFSIs can be segregated into four specific categories according to dimensions of secrecy:

- Ownership Registration (5 KFSIs)
- Legal entity transparency (5 KFSIs)
- Integrity of tax and financial regulation (6 KFSIs)
- International standards and cooperation (4 KFSIs)

In order to measure SS for jurisdiction  $i$ , an arithmetic average of KFSIs is calculated.

$$SS_i = \frac{\sum_{j=1}^{20} KFSI_j}{20} \quad (2)$$

The KFSIs are designed to capture a status of a SJ, defined by TJN (2018) as “provides facilities that enable people or entities escape or undermine the laws, rules and regulations of other jurisdictions elsewhere, using secrecy as a prime tool”, with the highest possible accuracy. Individual indicators are necessarily chosen subjectively, as it is not possible to find an objective choice. The underlying question is whether the chosen indicators are credible and reliable. To ensure credibility of KFSIs two main components are included in the review process. Firstly, a “stakeholder survey” is carried and distributed across the networks of TJN to various specialists and academics in various fields. Secondly, Joint Research Centre of the European Commission (EC) executes an independent statistical audit. Another aim of the TJN is to maintain the number of indicators used as small as possible in order to prevent from unnecessary obscurity as well as to minimize data gaps which may cause delays or undue costs. It is believed that the above-mentioned approach will make the FSI straightforward and transparent and will lead a SJ to improve its secrecy score.

Financial Secrecy Index has overcome substantial changes since it was published for the first time in 2009. Since then the index has been updated once in every two years (2011, 2013, 2015, 2018). One of the most important changes made among subsequent editions of the FSI is seen in the increasing number of jurisdictions covered in particular version of the FSI. As it has been already mentioned above, the FSI does not involve all the players in the offshore financial world, but only the most significant ones. To construct the first ever FSI, a total of 60 jurisdiction were chosen by experts from numerous listings published by internationally acknowledged organizations such as IMF or OECD. Number of jurisdictions in the particular version of the ranking has gradually expanded to 73 in 2011, 87 in 2013, 92 in 2015 to the final amount of 112 jurisdiction observed in the last version established in 2018. Country coverage for each version of the index and changes in coverage with respect to previous one is summarized in the table 2. The most massive expansion has happened between the two latest editions of the index as 20 new regions were observed and analyzed. The mentioned enlargement is the result of involving jurisdictions, which are either the European Union members states and were not covered in the index before or the countries that were believed to have ambition to become providers of financial secrecy, for example Indonesia or Puerto Rico. Thailand and Ukraine were added because of their position in the ranking

of GSW since 2015. Another 11 jurisdiction were included from FSI 2015, when these jurisdictions have been assessed but their ranking has not been assigned as their treaties have not been reviewed by the Global Forum on time and therefore their SS could not have been calculated.

Table 2: Comparison of country coverage by versions of the FSI

	FSI 2009	FSI 2011	FSI 2013	FSI 2015	FSI 2019
Country coverage	60	73	87	92	112
Change with respect to the previous edition	-	+13	+14	+13	+20
		- 0	- 0	-3	-0

Source: Janský, Palanský (2019) based on FSI results

Another significant change throughout all editions of the FSI has been made to the methodology of the qualitative part of the index – secrecy scores. The first methodological issue regarding the KFSI became apparent while comparing particular indicators over time. For the construction of the first version of the FSI from 2009, only 12 KFSIs were employed. The actual number of KFSIs increased to 15 in 2011 and two other subsequent editions (2013, 2015). Gradually, the number increased to 20 KFSIs in the last version of the index. The methodology has changed substantially between the two first versions (2009, 2011) of the index, resulting in incomparability of SS from 2009 with all the other following editions of the FSI. Janský, Palanský (2019) estimated the comparability of sets of SS between 2009 and 2011 only on 20%. Almost no methodological changes were made to the KFSIs between three subsequent editions (2011, 2013, 2015), allowing reasonable comparison across these periods. The last extension included adding of 7 new KFSIs, while some of the existing ones were modified or even abolished. In the study of Janský, Palanský (2019), they estimated the comparability of sets of SS between 2015 and 2018 on 70%. Moreover, changes have been done also to the definitions of particular KFSIs, making the comparison even more complicated. Changes have been made in order to “increase sophistication and detail as well as to adequately reflect the evolving standards of what is considered transparent” as pointed out by Janský, Palanský (2019). Table 3 recapitulates the number of KFSIs used and estimation of compatibility of SS between subsequent editions of the index. The lists of all KFSIs used in the last two editions may be found in Appendix 2 and 3, respectively. In order to determine, whether these methodological changes could lead to potential

movements in the ranking, a newly adjusted FSI will be constructed. In the following chapter, the methodology used to compute the FSI 2018 will be applied to database of data published by TJN, used to compute the secrecy score in the adjusted FSI 2015. This will shed more light on the comparison of rankings from 2015 (under old and new methodology) with the latest edition of FSI as well as provide sufficient information to clarify movements of jurisdictions across the ranking over time.

Table 3: Comparison of methodologies of the FSI

	FSI 2009	FSI 2011	FSI 2013	FSI 2015	FSI 2019
Number of Secrecy Scores Indicators (KFSIs)	12	15	15	15	20
Estimated compatibility of SS with previous edition	-	20%	90%	90%	70%

Source: Janský, Palanský (2019) based on FSI results

## 2.4. Quantitative component: Global Scale Weights

As has previously been mentioned, GSW reflects the size of a jurisdiction's percentage of the world's market of the financial services provided to non-residents. The more financial services to inhabitants from abroad a jurisdiction provides, the higher is the potentiality of the risk if the jurisdiction is not transparent enough. Cobham, Janský, Menzer (2015) defined GSW as "the share of the value of each jurisdiction's financial services provided to foreign residents on the value of the global total of cross-border financial services". Based on this definition, the GSW for jurisdiction  $i$ ,  $GSW_i$ , is calculated as follows:

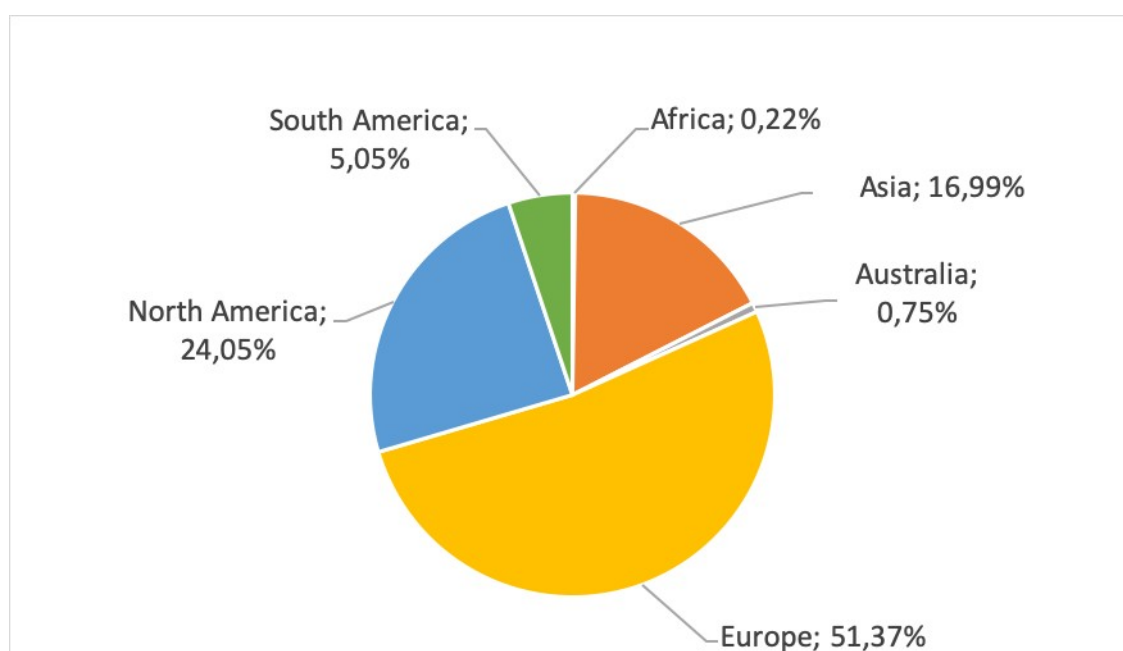
$$GSW_i = \frac{\text{Exports of financial services (true or extrapolated)}_i}{\text{Sum of global exports of financial services (true or extrapolated)}} \quad (3)$$

Publicly available information of the international trade of financial services for each jurisdiction are used to calculate the particular GSW. All the information used in calculation of the GSW of some jurisdictions for a specific year are usually available with a delay. The result of the delay causes that the latest version of the FSI from 2018 is constructed with quantitative data from 2015. Figure 1 represents the breakdown of



the GSW by continents. More than half of the total amount of the financial services used by the non-residents were provided in Europe. North America, especially the USA, served for almost one quarter of financial services provided to non-residents. Detailed information about the share of GSW for particular SJ may be found in the appendix 1. The methodology of computing the GSW is stable over time, as opposite to the secrecy scores, creating better environment for comparisons across all the edition of the FSI. Zoromé (2007) presented the idea of extrapolation of the missing data from various stock measures, which allows to generate estimates of the data.

Figure 1: Breakdown of total GSW by continents for the FSI 2015.



Source: Author

Jurisdictions which do not provide information about their data are usually the ones with precondition to be OFC or to provide financial secrecy. Balance of Payments Statistics (BOPS) published by the IMF serves as the most important source of information of international trade of financial services alongside with UNCTAD's (United Nations Conference on Trade and Development) FSI's statistics, which provides data on the FDI. Other relevant sources, for example IMF's Coordinated Portfolio Investment Survey, International Investment Position or Bank for international settlements are used. For year 2015, the BOSP contained information about exports of financial services for 154 jurisdictions, of which 85 were used for evaluation of the FSI

2018. The missing values of almost 25% of jurisdictions obtained in the FSI 2018 are obtained from alternative sources, which decreased the probability of accuracy of the results. However, another methodological issue arises, while comparing the definitions of KFSIs over time. Janský, Palanský (2019) commented in their article:” In some cases, the definitions of the KFSIs themselves changed, again with the intention to increase sophistication and detail as well as to adequately reflect the evolving standards of what is considered transparent”.

However, financial secrecy cannot be determined solely by the GSW, because it does not measure the volume of illegitimate economical activities or illicit financial flows. The GSW in combination with SS present the insight into the world of financial secrecy. Global Scale Weights itself provides important geographical information about the origin of the financial services. The importance of the GSW is enshrined in a global effect, as a result of which small secretive jurisdictions with almost no impact on the overall financial secrecy are not as important on the global level as the ones with low secrecy scores but with immense impact on the financial secrecy world.

Even though this approach of collecting data is considered as the most appropriate one by the TJN (2018), it faces criticism based on several facts. Firstly, a significant share of illegal financial services exists in the market of goods rather than through illicit financial flows. Specific observations whether trade of goods plays important role in the world of financial secrecy were done by De Boyrie et al. (2005) and Christian Aid (2009). They admitted that there is certain potential for illicit flows which can occur through the trade. Secondly, as TJN (2018) stated, the BOSP compute the exports of financial services, but it is not stated exactly which services are taken into account. Costs or fees related to holding assets are obviously involved in the computation, but on the other hand it is not clear whether, for example, provisions to legal services are captured. The costs of managing and holding of entities which hold the assets, like shell companies or trusts, are also questionable. Not capturing these costs may possibly lead to underestimation of the activities and therefore providing irrelevant results. Last but not least, the lack of available public information may result in the inefficiency of methodology used. The process of extrapolation of data cannot completely replace the true data and therefore creates bias of the dataset. For the purpose of this thesis, the GSW published in 2015 will be used, without any methodological changes.

### **3. Construction of adjusted FSI 2015**

The main goal of this thesis is to uncover, whether already mentioned methodological changes among the last two editions of the FSI (2015, 2018) could lead to undesirable movements of SJs in the ranking. If the above-mentioned was true, it would cause unwanted contradiction with the basic idea of the FSI. To determine whether fundamental changes in the methodology could affect the true position of particular jurisdictions in the ranking, methodology published and used by TJN (2018) will be applied to the database of data published by TJN (2015), which were used in order to construct the adjusted FSI 2015. As 7 completely new KFSIs were added to the methodology of the FSI 2018, it is required to identify specific sources of data for these indicators, as no single database is available. In the following section, each KFSI will be briefly explained and clarified how the SS for particular indicator is measured. Detailed breakdown of results for 20 KFSIs for all 92 involved jurisdictions is located in the Appendix 4.

#### **3.1. Ownerships Registration**

The first group of the KFSIs, Ownership Registration, provides important information about the degree to which wealth of each individual may be hidden from particular authorities. The aim of this group of indicators is to measure, whether differences between beneficial owners and legal owners, may have a fundamental effect on the secrecy of a particular jurisdiction. Beneficial owner has control over the asset or can enjoy the benefit associated with the asset. On the other hand, legal owner can't benefit from the asset, but can only manipulate with the asset under detailed instructions. Five KFSIs are included in this category: Bank Secrecy, Trust and Foundations Register, Recorded Company Ownership, Other Wealth Ownership, and Limited Partnership Transparency.

The first indicator, Banking Secrecy, is assigned in order to verify whether information regarding beneficial owners of the bank accounts is documented, maintained and checked by the particular banking institution. Furthermore, indicator

investigates how difficult it is to obtain this information and whether large transactions are required to be reported to the specific governmental agency. The other factor investigated in the KFSI is breaching the banking secrecy. In case of breaching banking secrecy, imprisonment or custodial sentencing could be included in the jurisdiction's law. Altogether, there are 6 sub-indicators included and summarized in the table 4, alongside with SS assessment and sources of data. Methodologically, just minor changes were made to 2 sub-indicators in order to increase difficulty of gaining a full transparent score.

Table 4: KFSI 1, Banking Secrecy – Secrecy Scoring

Number	Sub-indicator	SS Assessment	Source
1	Breaching banking secrecy may lead to imprisonment	20%	Individual research
2	Anonymous accounts	20%	Financial Action Task Force (FATF), FSI database 2015
3	Keeping banking records for less than 5 years	20%	Financial Action Task Force (FATF), FSI database 2015
4	No reporting of large transactions	20%	Bureau for International Narcotics and Law Enforcement Affairs (INCSR)
5	Inadequate powers to obtain and provide banking information	10%	Global Forum's peer review
6	Undue notification and appeal rights against information exchange	10%	Global Forum's peer review

Source: Methodology for the FSI 2018

The second indicator, Trusts and Foundations Register, is designated to analyze the extent to which a SJ documents and reports detailed information about diverse parties to trusts and private foundations into publicly available register. Central registers are required to unveil all relevant parties to trusts and private foundations in order to recognize who the beneficial owner of the legal structure really is. Indicator is divided into the two halves (trusts and private foundations) with the same weight on the final secrecy score, what allows to assess the percentage of the SS to the particular jurisdiction. These partial scores are based on additional data regarding public online disclosure of data and whether jurisdiction's laws allow to create these arrangements.

Together with domestic law trusts, foreign law trusts are also observed, as they are connected to a SJ, because they are administrated by the local trustee. Secrecy score assessment is summarized in the table 5. SJ will be considered fully transparent if it is not allowed legislatively to create neither trusts nor private foundations within the SJ, while administration of foreign law trusts by domestic trustees is excluded. Diverse sources of data are used, mostly Global Forum peer reviews and IMF and FATF reports, all the information from these sources are obtained in the database of FSI (2015). No significant methodological changes have been made to the indicator between last two editions, immaterial changes have been made towards stricter methodology.

Table 5: KFSI 2, Trusts and Foundations Register – Secrecy Scoring

Number	Sub-indicator	SS assessment		
		Domestic Law Trust		
		Available	Not Available	
1	Foreign law trusts	No disclosure	50%	50%
		No registration or unknown	50%	25%
		Registration of either foreign or domestic law trust	37,50%	0%
		Registration of both foreign and domestic law trust	25%	-
		Disclosure of domestic law trusts and no registration of foreign law trusts	25%	-
		Disclosure of domestic law trusts and registration of foreign law trusts	0%	-
		Disclosure of both domestic and foreign law trusts	0%	-
		2	Private foundations	No online disclosure
		Partial online disclosure	25%	
		Complete online disclosure	0%	

Source: Methodology for the FSI 2018

The indicator Recorded Company Ownership was created in order to look, whether a submission of beneficial ownership (BO) and legal ownership (LO) information to the particular governmental authority is required by the SJ's legislative. Furthermore, indicator requires the update of this information upon each transfer or issuance of shares of companies which are not present on a public stock exchange. Ownership information is considered updated, if the data are updated at least once a year. The recorded beneficial owners defined by the FATF (2012) as “natural person(s) who ultimately

owns or controls a customer and/or the natural person on whose behalf a transaction is being conducted. It also includes those persons who exercise ultimate effective control over a legal person or arrangement”. This definition excludes trusts, foundations, partnership and limited liability corporations etc. from being BO. Indicator observes not only BO, but also the level of the completion of LO in order to distinguish, whether all companies’ legal owners are recorded and updated. SJ is newly considered as fully transparent if both BO and LO are disclosed and regularly updated. SS assessment is shown in table 6 as partial scores are available. Only minority of SJs have not already achieved zero SS from this indicator in 2015 what triggered significant methodological changes towards stricter methodology in 2018. Global Forum peer review (2016) published by OECD stands as a primary source for assessment of SS for this indicator. However, it was published later than the FSI 2015 was revealed, majority of data regarding BO and LO have not changed since the previous year, comparison with domestic legislations that implement BO and LO registration was performed for particular jurisdictions.

Table 6: KFSI 3, Recorded Company Ownership – Secrecy Scoring

Regulation		SS assessment	
		Legal Ownership (LO)	
		Incomplete	Complete
Beneficial Ownership (BO)	Incomplete BO	100%	90%
	Complete BO @ >25%	75%	65%
	Complete BO @ >10-25%	50%	40%
	Complete BO @ >0-10%	25%	15%
	Complete BO @ 1 share%	0%	0%
	Senior manager not as BO	-25%	-25%

Source: Methodology for the FSI 2018

The fourth KFSI, Other Wealth Ownership, examines, whether a transparency of real estate is ensured and whether high-priced assets are transparently kept in the freeports or free trade zones. Thus, indicator is split into two equally weighted components. Firstly, it assesses if it is required to publicly publish and update the information on BO and LO of real estate for free online or at a maximum cost of 10 EUR/USD/GBP. Secondly, it determines if a SJ offers or promotes freeports or similar venues like bonded warehouses and free trade zones for storage of valuable assets. Moreover, it checks whether registration and cross-border automatic exchange of information on LO

and BO of stored assets is required. SJ is considered as fully transparent if requires reporting of complete BO and LO information of real estate as well as either fully transparent freeport ownership or its non-existence. Partial SS are available, for their detailed summary, refer to the table 7. This indicator was introduced only in the last version of the FSI. In order to obtain data for this KFSI, internet search for the real estate registries was performed. Database of the FSI (2018) was used to indicate, which freeports were operating and promoting storage of high-valued assets. Internet search was also performed to ensure whether mentioned freeports or warehouses were operating already in 2015.

Table 7: KFSI 4, Other Wealth Ownership – Secrecy Scoring

Number	Indicator	Regulation	SS assessment		
			Online for free, open data	Online for free, no open data	Online at small cost
1	Real estate ownership	Incomplete ownership or high costs	50%	50%	50%
		Updated and complete LO	35%	40%	45%
		Updated and complete BO	20%	25%	30%
		Updated and complete BO and LO	0%	5%	10%
2	Freeports	Incomplete or no ownership	50%		
		LO but no BO registration, no automatic notice	37,50%		
		LO and BO registration, no automatic notice	25%		
		Complete registration and automatic notice or no freeports	0%		

Source: Methodology for the FSI 2018

The last indicator of this group, Limited Partnership Transparency, considers two features of the transparency of limited partnerships. Each partnership with at least one partner who is enjoying liability, or where other legal entities are allowed as partners, is considered to be limited partnership. Indicator is composed of two sub-indicators: Ownership / partners' Identities and annual accounts, both weighted for 50% of the total SS for this KFSI. Primary, it analyses whether it is required in the SJ to publish publicly information on BO and LO of real estate, and for which price is this information accessible online. On the other hand, it also checks, whether it is compulsory for all

limited partnerships to submit annual accounts to public authority and to make them available online in open data for free or at least for price lower than 10 EUR/USD/GBP. Multiple intermediate SS for partial SS are available and they are summarized in the table 8. A jurisdiction will receive zero SS based on this criterium if it is required to publicly publish relevant information of LO and BO of real estate on the internet and without additional fees and if all the limited partnership file their annual accounts and publicize them for the cost not exceeding 10 EUR/USD/GBP. Indicator was firstly introduced in the methodology for the FSI 2018. Data were mostly obtained from the Global Forum peer review (2012-2016) and supplementary reports on Transparency and Exchange of Information for Tax Purposes published by the OECD in this period.

Table 8: KFSI 5, Limited Partnership Transparency – Secrecy Scoring

Number	Sub-indicator	Regulation	SS assessment		
			Online for free, open data	Online for free, no open data	Online at small cost
1	Ownership / Partners' Identities	Incomplete ownership or high costs	50%		
		Updated and complete LO	35%	40%	45%
		Updated and complete BO	20%	25%	30%
		Updated and complete BO and LO	0%	5%	10%
2	Annual accounts	Accounts not always available online for small cost	50%		
		Accounts always available online	0%	12,5%	25%

Source: Methodology for the FSI 2018

### 3.2. Legal Entity Transparency

The second group of KFSIs, Legal Entity Transparency, highlights importance of public accessibility of information regarding registration, ownership, structure and accounting data of specific legal entities, mainly companies. Online availability of mentioned information prevents from non-accountability of important entities like multinational corporations or global market leaders. In order to establish transparent business conditions, online data availability plays an important role as various analysts,



researchers or investigative journalists may access accurate information. Five KFSIs are obtained within this group: Public Company Ownership, Public Company Accounts, Country by Country Reporting, Corporate Tax Disclosure and Legal Entity Identifier.

Indicator number 6, Public Company Ownership, examines whether a SJ requires to publish updated BO and LO information on public registers, which are easily accessible online on the internet, from all types of companies with limited liabilities. This indicator serves as extension to indicator Recorded Company ownership, as the questions are very similar. Moreover, to get a lower SS, KFSI 6 requires to collection of information about BO and LO of the company to be accessible online to wide public, not only to governmental authorities, as required by the KFSI 3. SJ is considered to be fully transparent if both, BO and LO, are published publicly to register without any fees. Partial SS can be achieved if information on either BO or LO are available to public for free or for a cost not exceeding 10 USD/EUR/GBP. Secrecy score assessment is summarized in the table 9. Ownership information is considered updated, if the data are updated at least annually. Information about ownership is consider complete, if it needs to include full names of beneficial owners, their country of residence, full address, or passport ID or Taxpayer Identification Number (TIN). Furthermore, it needs to include full names of legal owners and their country of residence of incorporation with various details. No important methodological changes have been made to this indicator, granularity of SS was introduced, based on the level of update and completion of BO and LO. Cost of accessibility of these data is also taken into consideration. The source of the data used, and approach to use them, is the same as in the KFSI 3.

Table 9: KFSI 6, Public Company Ownership – Secrecy Scoring

Regulation	SS assessment		
	Online for free, open data	Online for free, no open data	Online at small cost
Incomplete ownership or high costs	100%	100%	100%
Updated and complete LO	80%	85%	90%
Updated and complete BO	50%	55%	60%
Updated and complete BO and LO	0%	5%	10%

Source: Methodology for the FSI 2018

The seventh indicator, Public Company Accounts, examines whether it is required from all the companies with limited liabilities within a SJ to record their annual accounts to the governmental institution. Moreover, online accessibility of these data is required for free or at maximum costs of 10 USD/EUR/GBP. In case data are available online with a cost to obtain it, SS will be reduced. Data regarding this information were obtained from Peer reviews published by the OECD during the period 2012 - 2015. SJ is considered to be fully transparent if data are available online for free and published in the open data format. In order to verify whether a SJ uses open format, Open Company Data Index published by the portal opencorporates.com (2012) was checked for each jurisdiction with free access to data. Based on these criteria, partial SS can also be calculated, assessment may be found in the table 10. No methodological changes have been made to this indicator between the versions from 2015 and 2018.

Table 10: KFSI 7, Public Company Accounts – Secrecy Scoring

Regulation	SS assessment
Not online (at small costs)	100%
Online at small costs	50%
Online for free, but not in open data	25%
Online, free and in open data	0%

Source: Methodology for the FSI 2018

The eighth KFSI, Country to Country Reporting, analyses whether the incorporated companies or companies listed on the stock exchanges are required to publicly publish financial reporting data on a country-to-country reporting (CTCR) basis within a particular SJ. No SS are added in the case, when public CTRC is required and achieved by all companies. If no public CTCR is required in any sector, SS of given SJ is 100%. In order to decrease SS, at least some CTCR has to be achieved within a jurisdiction. Complete SS assessment is summarized in the table 11. Diverse sources of data are used, e.g. PWYP or Global Witness, all the information from these sources are obtained in the database of the FSI (2015). No significant methodological changes have been made to the indicator from the version dated in 2015.

Table 11: KFSI 8, Country to Country Reporting – Secrecy Scoring

Regulation	SS assessment
No reporting	100%
One-off reporting	-10%
Some annual reporting (for each sector covered)	-25%
Full Reporting	0%

Source: Methodology for the FSI 2018

Indicator number 9, Corporate Tax Disclosure, analyses a couple of the most important features of corporate tax disclosure of each of the listed SJs. This KFSI is divided into two sections. Primary, it investigates whether a SJ guarantees its access to the Global Country by Country Reporting (CbCR) related to OECD’s BEPS Action 13. As noted by Janský, Palanský (2019) it assesses whether a jurisdiction has gone beyond the legal framework proposed by the OECD and requires local filing of CbCR in cases when it can’t obtain such information via automatic exchange with other countries. Secondary, it examines whether all unilateral cross-border tax rulings are publicly available online for free or payment is required. However, first part of the indicator is not applicable for the FSI 2015, as the first CbCR started 1.1.2016, therefore all the jurisdictions received the full SS. Assessment logic of SS behind this KFSI is summarized in the table 12. Corporate Tax Disclosure is a new indicator introduced in the methodology of the FSI 2018. Several sources were inspected, mainly OECD’s BEPS Action 13 (2015), Survey of Advance Tax Rulings published by Fédération des Experts Comptables Européens (2015), in the case of missing data, internet search was also performed.

Table 12: KFSI 9, Corporate Tax Disclosure – Secrecy Scoring

Number	Sub-indicator	SS assessment	
1	CbCR local filing	Access to CbCr is not ensured	50%
		Access to CbCr is ensured	0%
2	Public tax rulings	Tax rulings not available online	50%
		Tax rulings available online for a fee or only some tax rulings online for free	25%
		All tax rulings online for free	0%

Source: Methodology for the FSI 2018

The last indicator of this group, Legal Entity Identifier, analyses to which extent a SJ requires legal entities to operate with a Legal Entity Identifier (LEI). Financial Stability Board has developed a global LEI structure providing a distinctive identification number (20-character, alpha-numeric value code) for entities involved in financial transactions. LEI is labelled as global business card for each legal entity, each incorporated entity may apply for a LEI. SJ is considered as fully transparent if it requires from all legal entities to create annually updated LEI under its domestic legislative. SS may be even reduced if a SJ requires annually updated LEI for at least one specific purpose (financial market operators or/and reporting financial institutions). Full assessment of partial SS may be found in the table 13. Majority of data were obtained from the Global Legal Entity Identifier Foundation portal. This indicator was obtained in the methodology of the FSI for the first time in 2018.

Table 13: KFSI 10, Legal Entity Identifier – Secrecy Scoring

Regulation	SS assessment
No mandatory and updated LEI for all entities	100%
Mandatory and updated LEI for one type of operator	75%
Mandatory and updated LEI for two types operators	50%
Mandatory and updated LEI for all entities	0%

Source: Methodology for the FSI 2018

### 3.3. Integrity of tax and financial regulation

The third group of KFSIs, Integrity of tax and financial regulation, provides insights into different structural and institutional aspects which may promote harmful global economic behaviour. For example, a SJ with moderate tax system and easy citizenship rules attracts non-residents to take an advantage of the system and establish fake residency in order to continue with tax evasions. Alongside tax system of a particular SJ, this group of KFSIs also inspects whether large banknotes are used within a jurisdiction, in order to prevent from anonymous means of payments. Six indicators are obtained, namely: Tax Administration Capacity, Consistent Personal Income Tax, Avoids Promoting Tax Evasion, Tax Court Secrecy, Harmful Structures and Public Statistics.

The eleventh KFSI, Tax Administration Capacity, assesses the capacity of particular SJ's tax administration to record and manage data for investigating and taxing individuals or companies which are highly probable to utilize the opportunity to avoid paying various taxes. Altogether 5 sub-indicators are included, each reflecting on specific anti-tax avoidance features in the tax system: Large taxpayer unit, High net Individuals unit, TIN, reporting on tax avoidance schemes and reporting on uncertain tax positions. Overall assessment of SS based on sub-indicators is summarized in the table 14. As Janský, Palanský (2019) mentioned: "a zero-secrecy score now requires having a high net worth individual unit in addition to a large taxpayer unit, using taxpayer identification numbers for both natural persons and legal entities, and obliging taxpayers to report on tax avoidance schemes and uncertain tax positions." Variety of sources have been inspected in order to obtain data for this indicator, including the TJN-Survey, "Tax Administration report" published by the OECD in 2015, OECD's portal on Tax Identification Numbers, BEPS country monitor published by International Bureau of Fiscal Documentation (2015).

Table 14: KFSI 11, Tax Administration Capacity – Secrecy Scoring

Number	Sub-indicator	SS Assessment	
1	Large taxpayer unit	12,5%	
2	High net worth individual unit	12,5%	
3	Taxpayer identification number	TIN for both natural persons and entities	0%
		TIN for either natural persons or entities	12,5%
		No TIN for natural persons and legal entities	25%
4	Reporting on tax avoidance schemes	Reporting schemes by both taxpayers and advisors	0%
		Only Tax advisors reporting schemes	15%
		Only Taxpayers reporting schemes	15%
		No reporting schemes by both taxpayers and	25%

		advisors	
5	Reporting on uncertain tax positions	Reporting uncertain tax positions by both taxpayers and advisors	0%
		Only Tax advisors reporting uncertain tax positions	15%
		Only Taxpayers reporting uncertain tax positions	15%
		No reporting uncertain tax positions by both taxpayers and advisors	25%

Source: Methodology for the FSI 2018

The twelfth indicator, Consistent Personal Income Tax, is a new indicator introduced only in the latest version of the FSI. Indicator examines two features of a legal framework of each jurisdiction. Firstly, it assesses whether a Personal Income Tax (PIT) regime is applied within a SJ and whether worldwide income is subjected to taxation. Secondly, it assesses whether it is possible to acquire the citizenship or/and residency for investment or payment within less than 2 years of presence in a particular SJ. Jurisdiction receives zero SS for this KFSI in case of levying single uniform PIT that taxes worldwide income. Granularity of SS is also possible, taking into account the scope of PIT and laxity around citizenship and residency. Table 15 reveals the SS matrix for all the possible outcomes. Originally, it was required that a SJ has not chosen a voluntary secrecy under Multilateral Competent Authority Agreement (MCAA). This agreement was not signed and implemented by any jurisdiction before 2017 and therefore is considered as not applicable for the adjusted version of the FSI 2015. Data on PIT were collected from several sources, Tax Summary overview published in the database for FSI 2015, comparison was performed on PwC portal on Worldwide Tax Summaries. In order to find out information regarding the lax or tight citizenship and residency rules, internet search was executed.

Table 15: KFSI 12, Consistent Personal Income Tax – Secrecy Scoring

Regulation		SS assessment	
		Citizenship/Residency	
		Tight	Lax
Personal Income Tax Regime	No PIT	75%	100%
	Incomprehensive PIT regime	37,5%	75%
	Comprehensive PIT Regime	0%	

Source: Methodology for the FSI 2018

The indicator number 13, Avoids Promoting Tax Evasions, evaluates whether a SJ simplifies tax avoidance and promotes tax competition of capital income in local legislative of income tax system. It also specifies whether global capital income is included in SJ's income tax base and whether unilateral tax credits are permitted for foreign tax paid on dividend payments and interests. Indicator is divided into two components, dividends and interest, allowing for partial SS. Altogether, 3 types of payments are taken into consideration:

- Payments received by an independent legal person
- Payments received by a related party legal person
- Payments received by a natural person.

Jurisdiction is considered as fully transparent if it grants unilateral tax credits for every payment type for both interest and dividend. For detailed assessment of SS for this indicator, refer to the table 16. No changes have been made in the methodology to the indicator between the last two versions of the FSI. Diverse sources of data are used, mainly IBFD database or Worldwide Tax summaries published by PwC (2015), all the information from these sources are obtained in the database of the FSI (2015).

Table 16: KFSI 13, Avoids Promoting Tax Evasions – Secrecy Scoring

Number	Sub-indicator		SS assessment
1	Dividends	No unilateral double taxation relief	50%
		Unilateral double taxation relief for one type of payment	40%
		Unilateral double taxation relief for two types of payment	30%
		Unilateral double taxation relief for three types of payment	0%
2	Interest	No unilateral double taxation relief	50%
		Unilateral double taxation relief for one type of payment	40%
		Unilateral double taxation relief for two types of payment	30%
		Unilateral double taxation relief for three types of payment	0%

Source: Methodology for the FSI 2018

Indicator number 14, Tax Court Secrecy, reflects on judicial system in tax matters of a particular SJ by describing two important features. Firstly, openness of the court trials for civil and criminal matters is documented through the analysis on possible attendance of public on the full trial and whether public can be excluded from the court under certain conditions. Secondly, online availability of judgements and sentences for the trials on crime and civil matters for free is verified. A jurisdiction receives reduced partial score if mentioned features are fulfilled in at least criminal or civil matters. Total assessment of partial SS is appended in the table 17. KFSI 14 was introduced only in the latest version of the FSI. In order to obtain information, various portals e.g. Thomson Reuters Practical Law – Tax Litigation or European e-Justice portal were consulted. In case that these sources did not provide relevant information, internet search was performed in order to find out whether there are some limitations to public access. If also internet search did not provide such information, a SJ received full secrecy score for each part of the indicator.

Table 17: KFSI 14, Tax Court Secrecy – Secrecy Scoring

Number	Sub-indicator	SS assessment		
1	Public access to tax court proceedings	No or restricted access to both criminal and tax proceedings	50%	
		No or restricted access to either criminal or civil tax proceedings	25%	
		Public access to both criminal and civil proceedings	0%	
2	Online publication of tax judgments/ verdicts	Criminal tax judgments/ verdicts	Not available online	25%
			Available up to 10 EUR/USD/GBP	12,5%
			Available online for free	0%
	Civil tax judgments/ verdicts		Not available online	25%
			Available up to 10 EUR/USD/GBP	12,5%
			Available online for free	0%

Source: Methodology for the FSI 2018

The fifteenth indicator, Harmful structures, assesses whether four main harmful structures and instruments are legal within a particular SJ. This indicator is divided into 4 sub-indicators. Firstly, it examines availability of large banknotes and whether they are accepted or issued within the jurisdiction. As large banknotes are considered banknotes in local currency with value greater than 200 EUR/USD/GBP. Secondly, it



considers whether unregistered bearer shares are accessible to companies. In order to decrease SS, jurisdiction has to be obliged to disable opportunity to register bearer shares or to monitor them through immobilization or compulsory registration. Thirdly, indicator assesses whether a SJ allows the creation of Series limited liability companies (LLCs) and Protected cell companies (PCC). Finally, it inspects whether administration of trusts with flee clauses are prohibited within the territory of a jurisdiction. Full SS assessment is appended in the table 18. Comparing the last two versions of the FSI, more precision is required in the methodology of the FSI 2018, as data on creation of LLCs and availability of large banknotes were needed. The Global Forum peer review (2015) serves as a main source for data information for this indicator, alongside with plenty of internet websites (used mainly for obtaining the information regarding the largest banknotes of individual currencies).

Table 18: KFSI 15, Harmful Structures – Secrecy Scoring

Number	Sub-indicator	SS assessment
1	Availability of large banknotes	25%
2	Availability of bearer shares	25%
3	Availability of LLCs and PCC	25%
4	Availability of trusts with flee clause	25%

Source: Methodology for the FSI 2018

The last indicator in the category, Public Statistics, measure the degree to which a SJ makes publicly available 10 relevant statistical datasets regarding its international financial, trade, investment and tax position (TJN 2018). Therefore, ten sub-indicators are included in the methodological approach, each awarded with maximum of 0,1 score. Listing of all of them alongside is located in the table 19. Variety of sources like the IMF, UNCTAD Stats’ reports etc. were consulted in order to obtain relevant data for each SJ. For detailed information regarding relevant sources, please refer to the methodology of the TJN (2018). The FSI 2018 was the first edition that included this KFSI.

Table 19: KFSI 16, Public Statistics – Secrecy Scoring

Component		Sub-component	SS Assessment	
Stock or flow	Sub-category	Sub-sub-category		
Trade	Goods		Bilateral trade in goods	10%
	Services		Bilateral trade in services	10%
		Financial services	Financial services trade	10%
		Merchanting or transit trade	Bilateral Merchanting or transit trade of services	10%
Investment	Portfolio		Portfolio Investment	10%
	Direct		Direct Investment	10%
Bank assets	BIS location		Cross-Border Banking Liabilities	10%
	National bilateral		National bilateral country level breakdown of Cross-Border Banking Liabilities	10%
	AEol aggregates		CRS Aggregates	10%
CBCR	OECD Standard		CBCR Aggregates	10%

Source: Methodology for the FSI 2018

### 3.4. International standards and co-operation

Sharing information on taxpayers and mutual co-operation among sovereign countries plays an essential role in the world of financial secrecy. Therefore, the fourth group of the KFSIs, International standards and co-operation, considers whether various FATF's and OECD's recommendations are met and fulfilled within a particular SJ. Four interconnected fields are included within this category: Anti-Money Laundering, Automatic Information Exchange, Bilateral Treaties and International Legal Cooperation.

The first indicator within category, Anti-Money Laundering, measures to which extent a SJ follows the recommendations issued by the FATF regarding legislative, policies and structures. The FATF represents an international institution engaged to battle with money laundering. Altogether, 51 recommendations (40 and 11 “immediate outcomes”) were introduced in 2013 by the FATF. Compliance with FATF is recorded on the scale 0-3, 0 representing compliant recommendation within the SJ while 3 means totally non-compliant recommendation. In order to calculate the SS for this indicator, the total number of non-compliant recommendations are counted, linear scale is applied,

ensuring for equal weight to all the recommendations. SJ will receive a zero SS just in the case that jurisdiction is compliant with all the recommendations. All the data for KFSI are obtained from the database of FSI (2015), particular studies are usually conducted by the FATF or the IMF. Only minor changes have been made to the methodology, based on the changing methodology in the FATF.

Key financial secrecy indicator Automatic Information Exchange mainly analyses whether a SJ has signed the MCAA which serves as a legal structure to secure automatic information exchange (AIE) pursuant to the Common Reporting Standards (CRS) issued by the OECD. To put it into other words, “indicator considers all available measurable data surrounding the CRS that either promotes transparency with all other countries or affects it” as stated in the FSI 2018. It also inspects whether a SJ was part of a pilot project, established to help developing countries. Originally, it also considers the number of jurisdictions the AIE takes place under the MCAA and whether there are hurdles to the effective AIE. Since the MCCA was introduced just at the end of 2014, there were no information available regarding the actual number of SJ which co-operate on the AIE in 2015, therefore I decided to remove this part of the indicator in order to ensure the relevancy of the index. Data were obtained from the Annual report of Global Forum published by the OECD (2015) and list of MCCA signatories (2019). Intuition of SS based on this indicator are summarized in the table 20. If the total SS exceeds 100%, it will remain as 100%, while negative values of SS are considered as 0%.

Table 20: KFSI 18, Automatic Information Exchange – Secrecy Scoring

Criteria	SS assessment	
Has the SJ signed the MCAA?	Yes	50%
	No	100%
When will the SJ start the AIE?	2017	+0%
	2018	+25%
	Later	+25%
Was SJ part of Pilot project?	Yes	-50%
	No	0%

Source: Methodology for the FSI 2018

The nineteenth indicator, Bilateral Treaties, specifies the extent to which a SJ participates in the effective information exchange relationships created by the GF and the OECD. The score of KFSI is calculated as one minus the share of active

relationships on 53, which is the number of countries that have adhered to OECD Convention (in 2015), which enables information exchange between particular pair of countries. Jurisdiction will be considered as fully transparent if it has signed the OECD Convention on Mutual Administrative Assistance in Tax Matters (“Tax Convention”). The actual information on the number of countries is accessible from the database of the FSI (2015), while the signature of the “Tax Convention” is verified on the OECD portal.

The last indicator, International Legal Co-operation, examines how involved is a SJ in the international transparency commitments and how it ensures the international judicial co-operation. Both parts of the KFSI are weighted equally, i.e. 50 %. Each component is divided into several sub-components. The final secrecy score assessment is summarized in the table 21. Firstly, it takes into consideration whether a SJ adheres to international legal conventions ensuring transparency in financial matters. Secondly, it investigates to which extent a SJ participate in international judicial co-operation on anti-money laundering and other financial crimes. Methodologically, almost no changes have been made to this indicator. However, before the last version of the FSI was published in 2018, this indicator had been divided into two KFSIs in the previous versions. All the information needed for calculation of the SS for the KFSI are obtained in the database of the FSI (2015).

Table 21: KFSI 20, International Legal Co-operation – Secrecy Scoring

Number	Sub-indicator		SS assessment	
1	International transparency commitments	Part of "Tax convention"	No, SJ is not part of TC	12,5%
			Yes, but only part to the original TC	12,5%
			Yes, part to the TC	0%
		UN Convention against corruption	If no	12,5%
		UN International Convention for the Suppression of the financing of terrorism	If no	12,5%
		UN Convention against transnational organized crime	If no	12,5%
		2	International judicial co-operation	Will mutual legal assistance be given for investigations, prosecutions and proceedings?
Largely	3,5%			
Partially	6,5%			
Not at all	10%			
Is mutual legal assistance given without the requirement of dual criminality?	Fully			0%
	Largely			3,5%
	Partially			6,5%
Is mutual legal assistance given concerning identification, freezing, seizure and confiscation of property?	Fully	0%		
	Largely	3,5%		
Is money laundering considered to be an extraditable offense?	Partially	6,5%		
	Not at all	10%		
	Fully	0%		
Is the widest possible range of international co-operation granted to foreign counterparts beyond legal assistance?	Largely	3,5%		
	Partially	6,5%		
	Not at all	10%		
	Fully	0%		

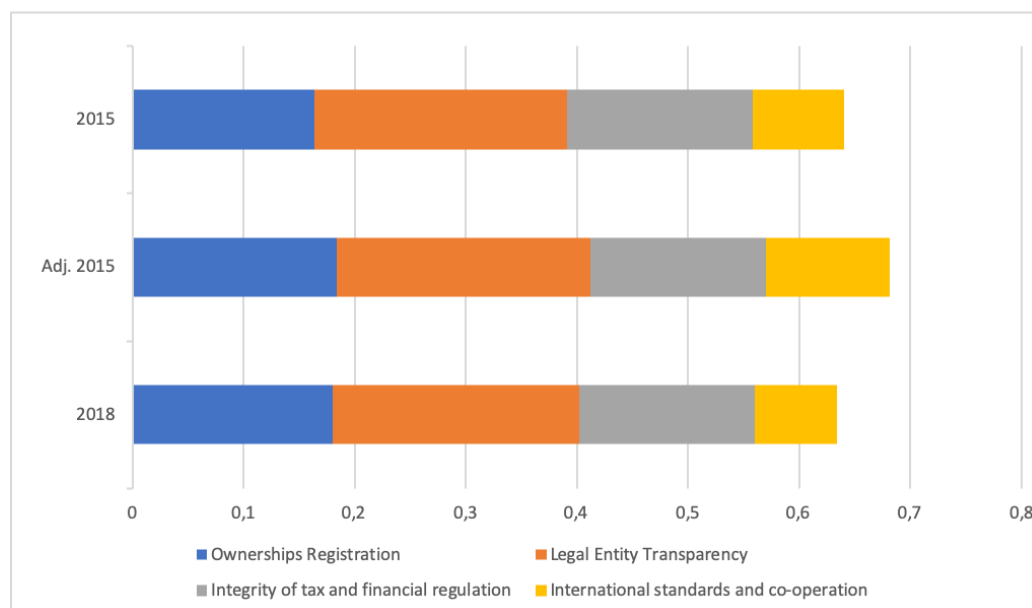
Source: Methodology for the FSI 2018

## 4. Results

In the following section of my thesis I will bring up the outcome of the construction of the adjusted FSI 2015 created as described in the previous, methodological part. As has been already mentioned, the same methodology used in computations of subsequent editions of the FSI allows us to directly compare positions of SJs across time, from 2015 to 2018. Furthermore, in February 2020, a brand new edition of the FSI will be published, using the same methodology as the FSI 2018, providing us with three succeeding versions of the index constructed with the very same methodological approach. Full adjusted FSI 2015, together with SS values is appended in Appendix 5.

Firstly, a comparison of the average SS of the FSI 2015, the adjusted FSI 2015 and the FSI 2018 is performed. Figure 2 exposes the comparison for 92 secrecy jurisdictions that were originally included in the FSI 2015. The breakdown of the average SS into already mentioned main categories of secrecy specifies and identifies the development of a secrecy level in the particular areas. As described by Janský, Palanský (2019), gradual decrease of the average SS was observed during the earliest versions of the index up to the edition of 2015, when the average value of SS was 64. Significant changes in the methodology of the last version of the FSI, which was introduced in order to require stricter assessment of SS, caused an increase in the average secrecy score across all the observed SJs by 1.3 points to 65.3. The average value of SS in the adjusted FSI 2015 soared by 5,03 points to 69.03 when compared to the original version of the FSI published in 2015. This outcome is a result of adding 7 completely new KFSI which prioritize completely new areas which influence the secrecy level. The average SS of the adjusted FSI 2015 constructed by the same methodological approach as the newest one from 2018 further confirms that overall level of secrecy is progressively declining over time. This affirmative reduction is mainly observed in the International Standards and Cooperation category, to a large extent in the KFSIs which concentrate on bilateral treaties, AIE and international legal cooperation.

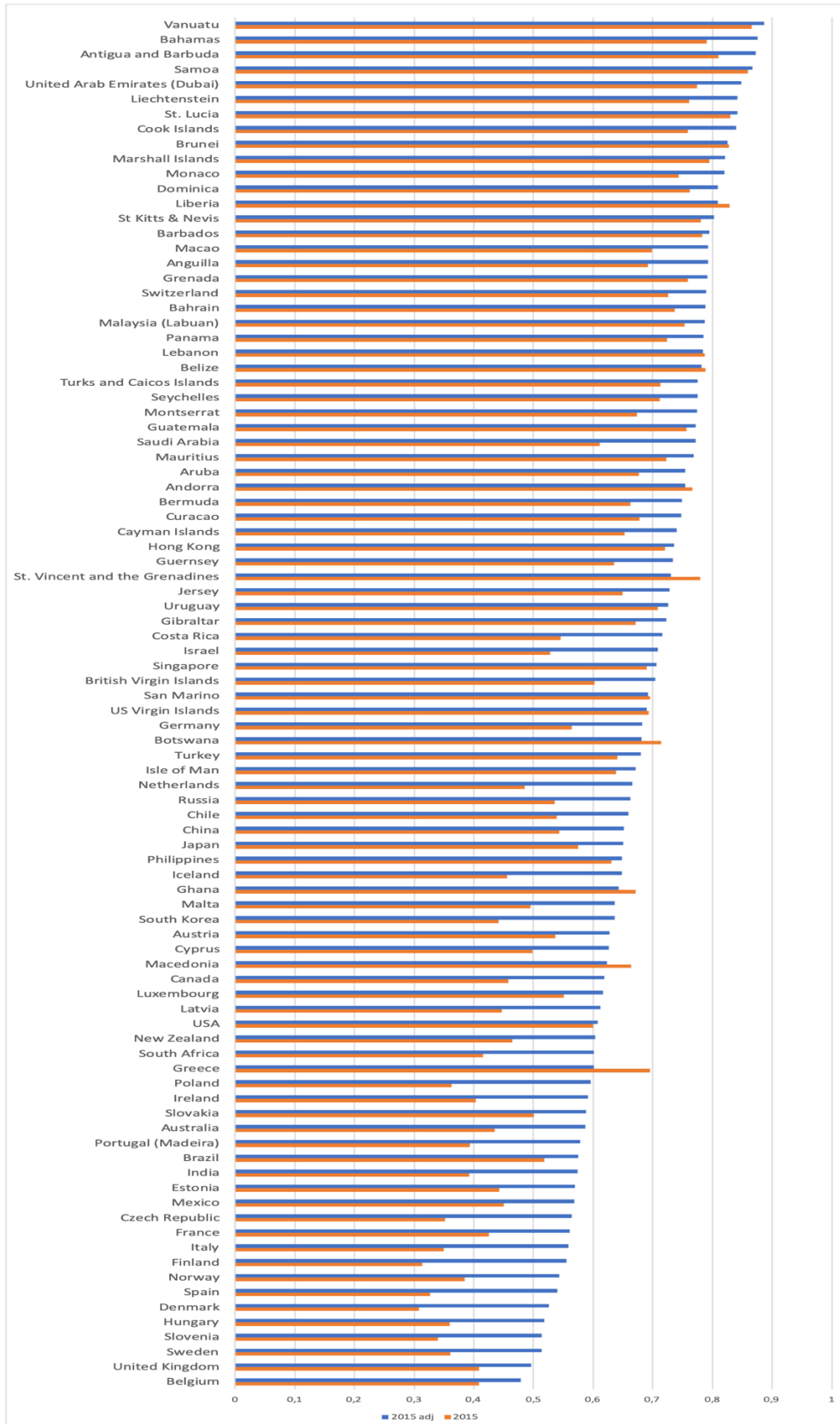
Figure 2: Average secrecy score since 2015 to 2018, in all categories of secrecy, for 92 secrecy jurisdictions included in the FSI 2015



Source: Author

Secondly, in order to determine which SJs lost or gained from the change of the methodology of the index, a comparison of SS for both FSI 2015 and the adjusted FSI 2015 is constructed. Figure 3 provides information about secrecy levels in 2015 of all 92 jurisdictions before and after the application of the methodological changes. Obviously, SS of vast majority of included countries has increased with stringent methodology, but there are several SJs, where the transparency level has increased. This phenomenon may be seen in developing countries with insignificant share of the world’s market of the financial services provided to non-residents such as Botswana, Ghana, Macedonia or struggling Greece. Figure 4 details top ten jurisdictions which have “suffered” the most due to methodological changes, as their secrecy levels have increased. The transparency level has decreased the most in the European countries such as Finland, Poland, Denmark or Spain mostly due to introduction of the new KFSIs, which focuses on Wealth Ownership, Limited Partnership Transparency or Tax Court Secrecy.

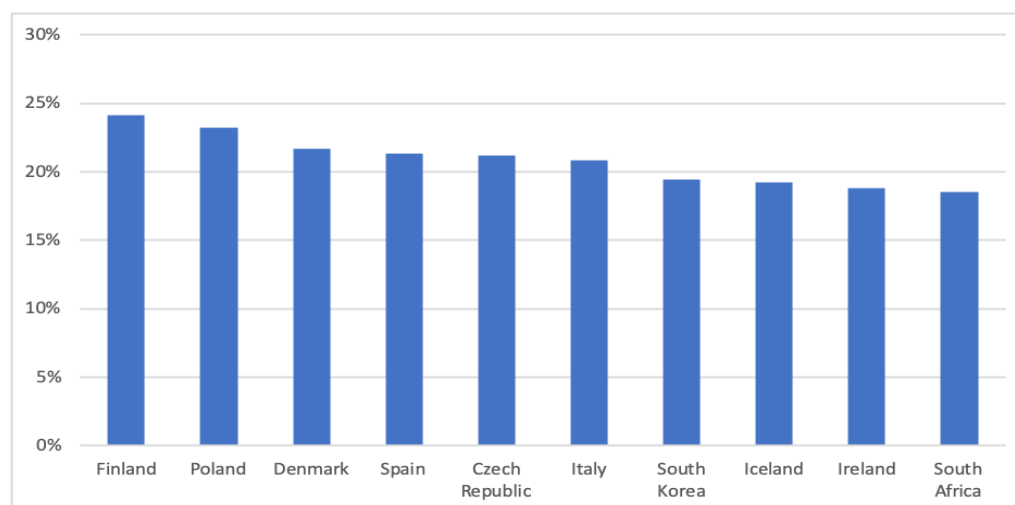
Figure 3: Secrecy scores in 2015, two methodological approaches applied, by country



Source: Author



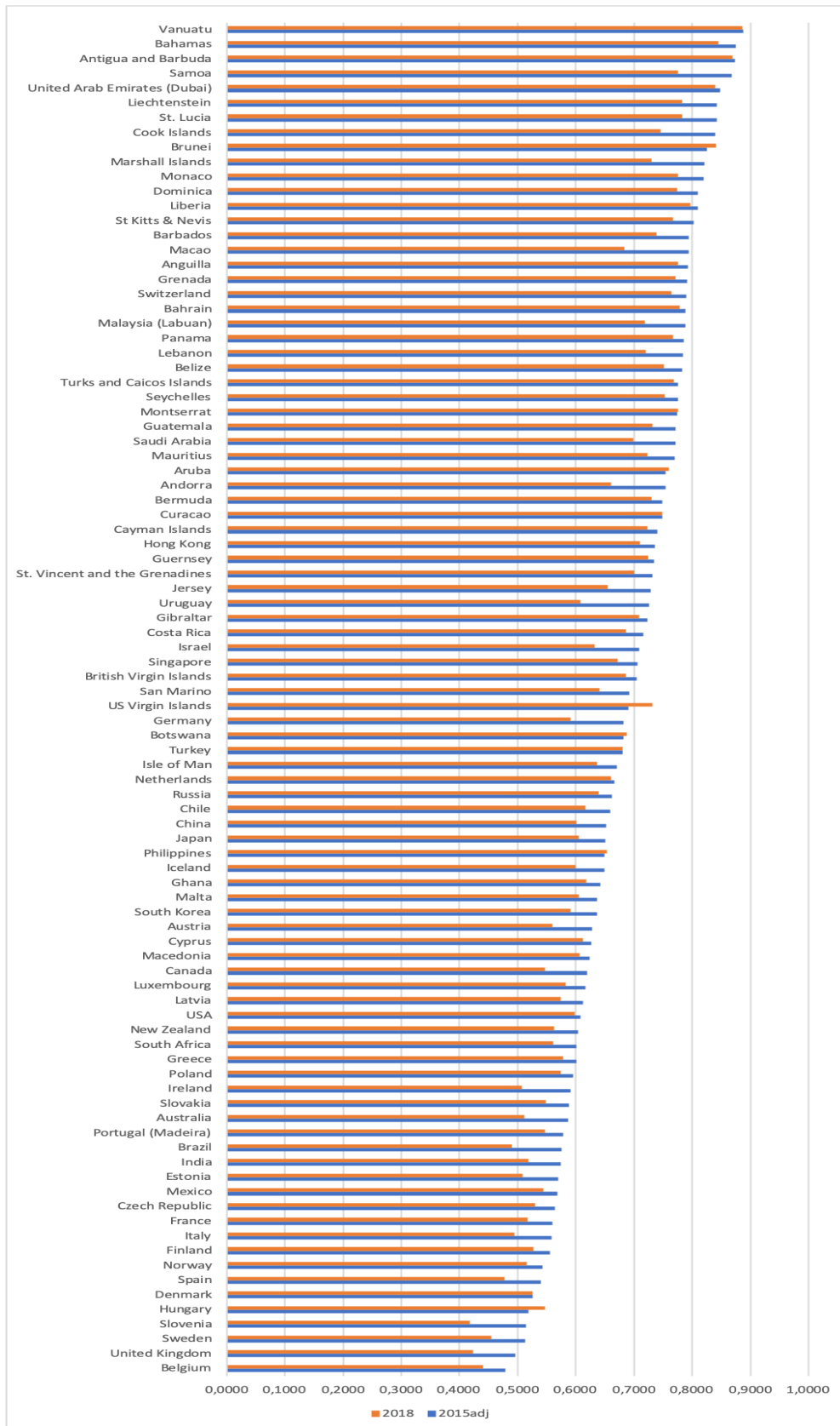
Figure 4: Change in secrecy score before and after the changes in methodology, biggest differences



Source: Author

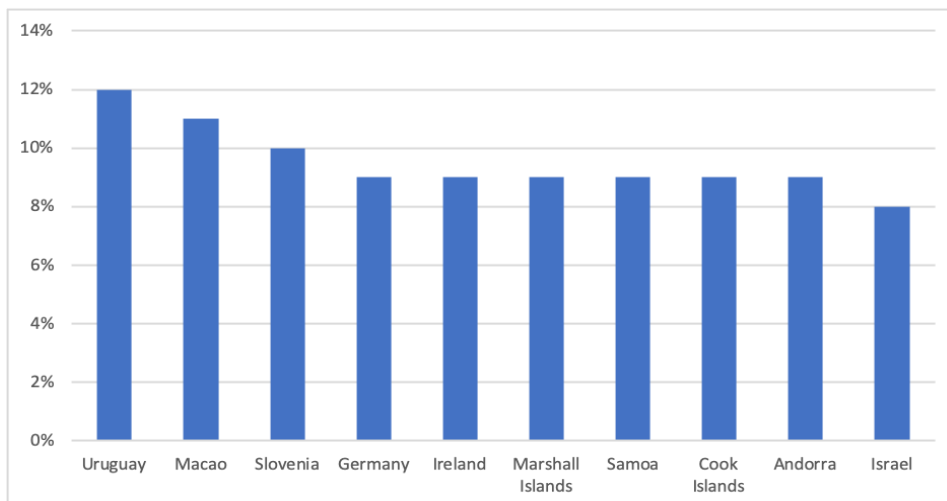
Subsequently, the movement of SJs across time (2015-2018) is investigated using the adjusted FSI 2015 and the FSI 2018. Figure 5 presents the comparison of indices from 2015 and 2018, using the new methodological approach. This figure provides insight into the development of the secrecy world during the last years by vanishing methodological differences among the last two sub-sequent editions of the FSI. Majority of SJs have improved their secrecy level, as their SS decreased in 2018. However, several exceptions of countries with increased SS were identified, namely Brunei, US Virgin Islands or Hungary. Figure 6 shows top ten SJs which have decreased their secrecy level by the biggest amount between 2015 and 2018. Most notable plausible changes in the SS can be observed in Uruguay, Macao and Slovenia, where the transparency levels increased by more than 10 %. As was already mentioned, significant changes for the most jurisdictions occurred in the last category of secrecy – International Standards and Cooperation and almost no progress has been made in the category Legal Entity Transparency for the majority of countries. Two remaining categories of secrecy – Ownership Registration and Integrity of Tax and Financial Regulation have provided imbalanced outcomes, as some SJs became more secretive and some more transparent in these areas.

Figure 5: Secrecy scores in 2015 and 2018, new methodological approach applied, by country



Source: Author

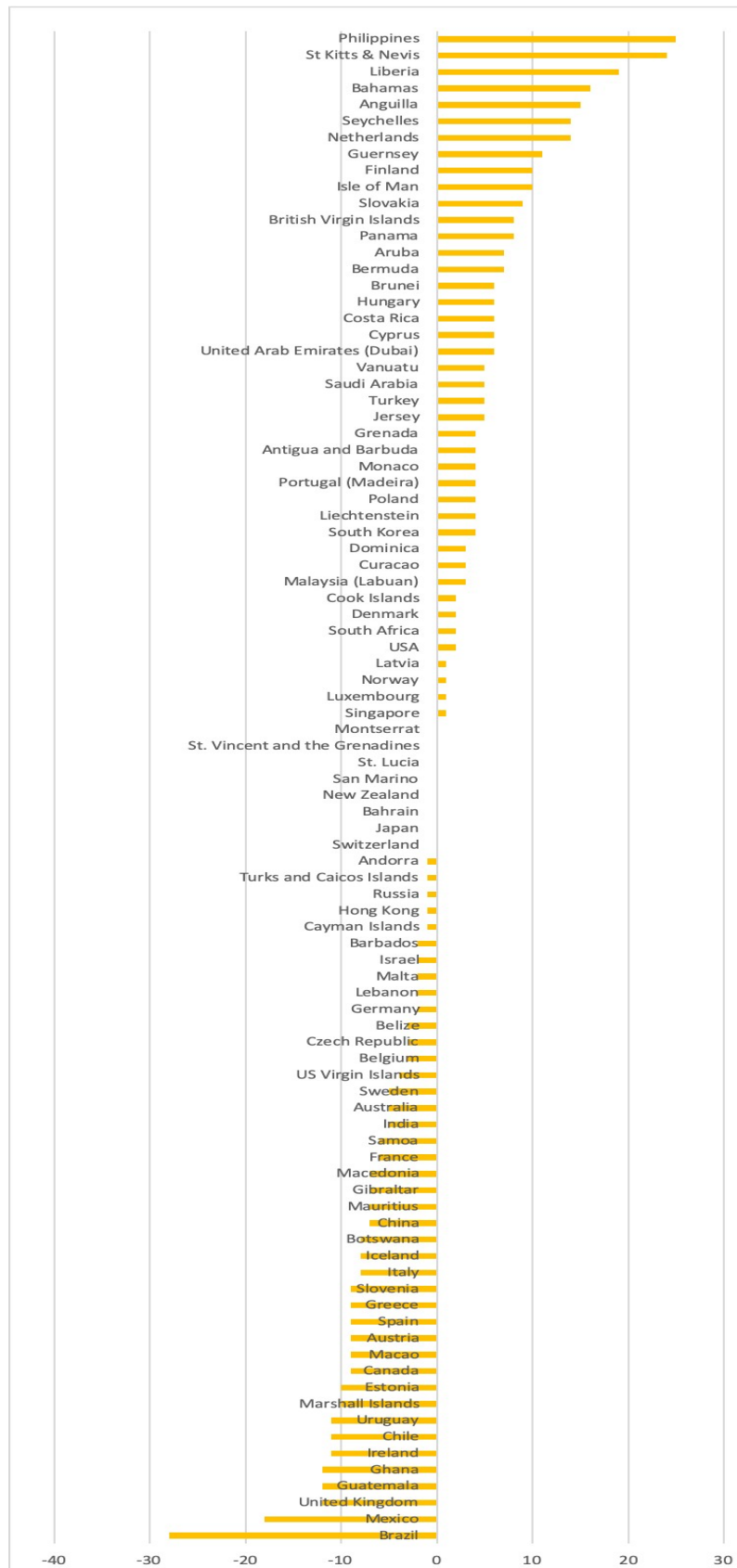
Figure 6: Change in secrecy score between 2015 and 2018, biggest differences



Source: Author

In order to see the development of secrecy world across all 92 jurisdictions, the newly calculated SS from 2015 have to be combined with the GSW as explained in section 2.2. The outcome of the formula provides us with a non-dimensional FSI value for each jurisdiction. Ranking of these values create then creates the final Financial Secrecy Index. Figure 7 exhibits the movements of all 92 SJs during the period 2015 – 2018. Most notably, among countries that ranked in the top positions in the adjusted FSI 2015, the USA gained 2 positions and moved from 2<sup>nd</sup> to 4<sup>th</sup> place, Singapore and Luxembourg one position from 6<sup>th</sup> to 5<sup>th</sup> and from 7<sup>th</sup> to 6<sup>th</sup> respectively. On the other hand, transparency has increased in Germany and Lebanon as their lost 2 positions and United Kingdom even dropped from 9<sup>th</sup> to 21<sup>th</sup> position. Even though SS in Philippines did not change much, increase in its GSW caused the movement up by 25 positions to 62<sup>th</sup> place in the ranking. In contrast, countries as Brazil and Mexico became more transparent as their SS in combination with GSW had decreased over time which resulted in their fall in the ranking by 28 and 18 positions, respectively.

Figure 7: Change in the position of the FSI ranking between 2015 and 2018, new methodological approach applied, by country

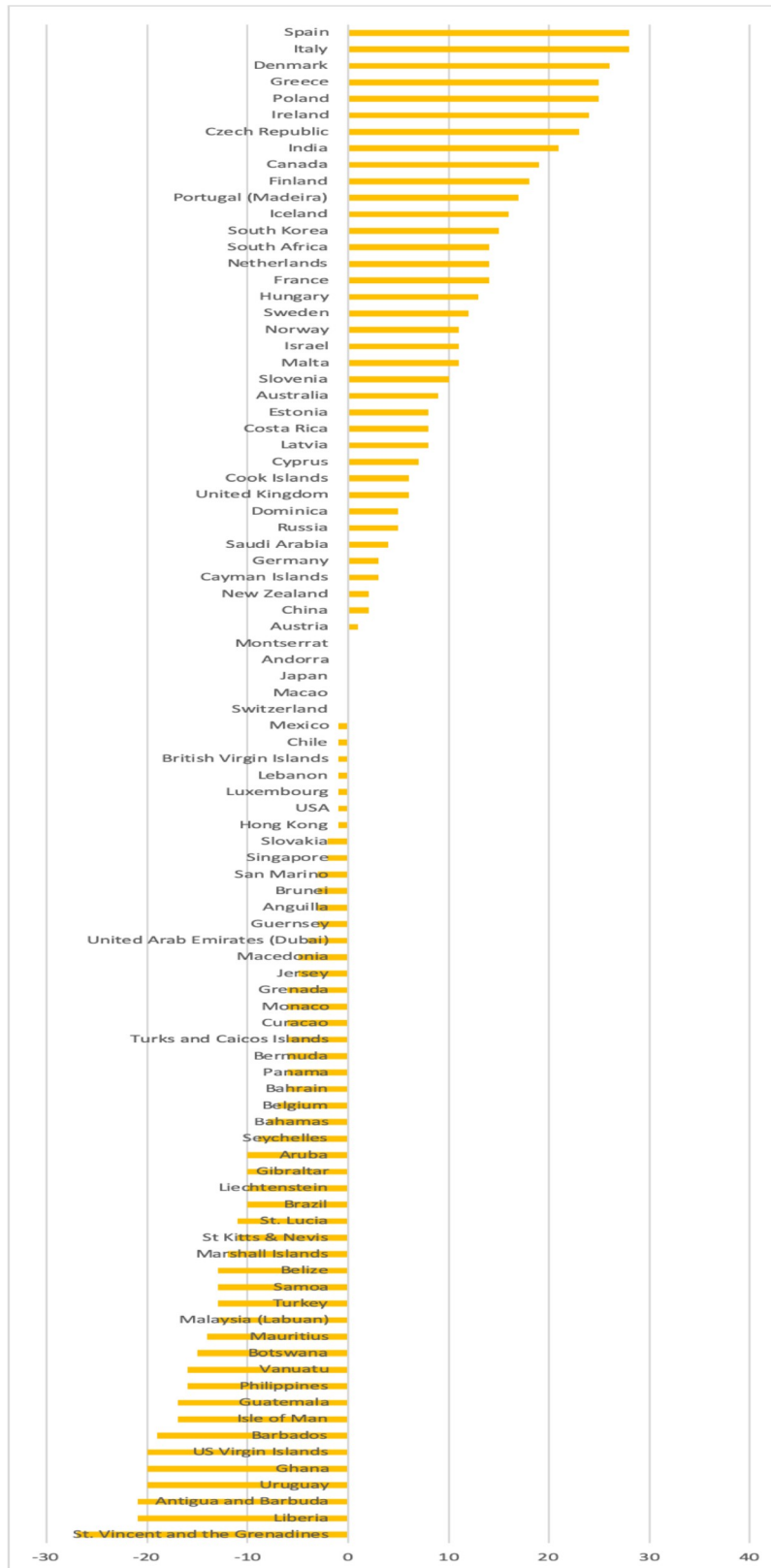


Source: Author

In order to see, what causes the change of methodology, comparison of the positions in both FSI 2015 and the adjusted FSI 2015 of all the involved jurisdictions has been performed. As was already mentioned, stricter methodology invoked the increase of SS of almost all 92 jurisdictions. Therefore, jurisdictions which are the biggest players in the world's market of the financial services provided to non-residents jumped in the adjusted ranking by numerous positions, as their value of GSW is substantially higher. In combination with increased SS, the final FSI value increased by considerable amount. Even though SS has increased also in the countries with a small proportion of the global market for the financial services, the impact is not visible, therefore they record the decline in the ranking after the change of methodology. Figure 8 presents the movements in the FSI rankings from 2015 caused by the change of methodology. Most notably, Canada jumped from 29<sup>th</sup> to 10<sup>th</sup> position, Ireland gained 24 positions and got to 13<sup>th</sup> position. Small SJ such as St. Vincent and the Grenadines, Liberia or Antigua and Barbuda declined in the ranking by more than 20 positions, as a consequence of having almost zero GSW.

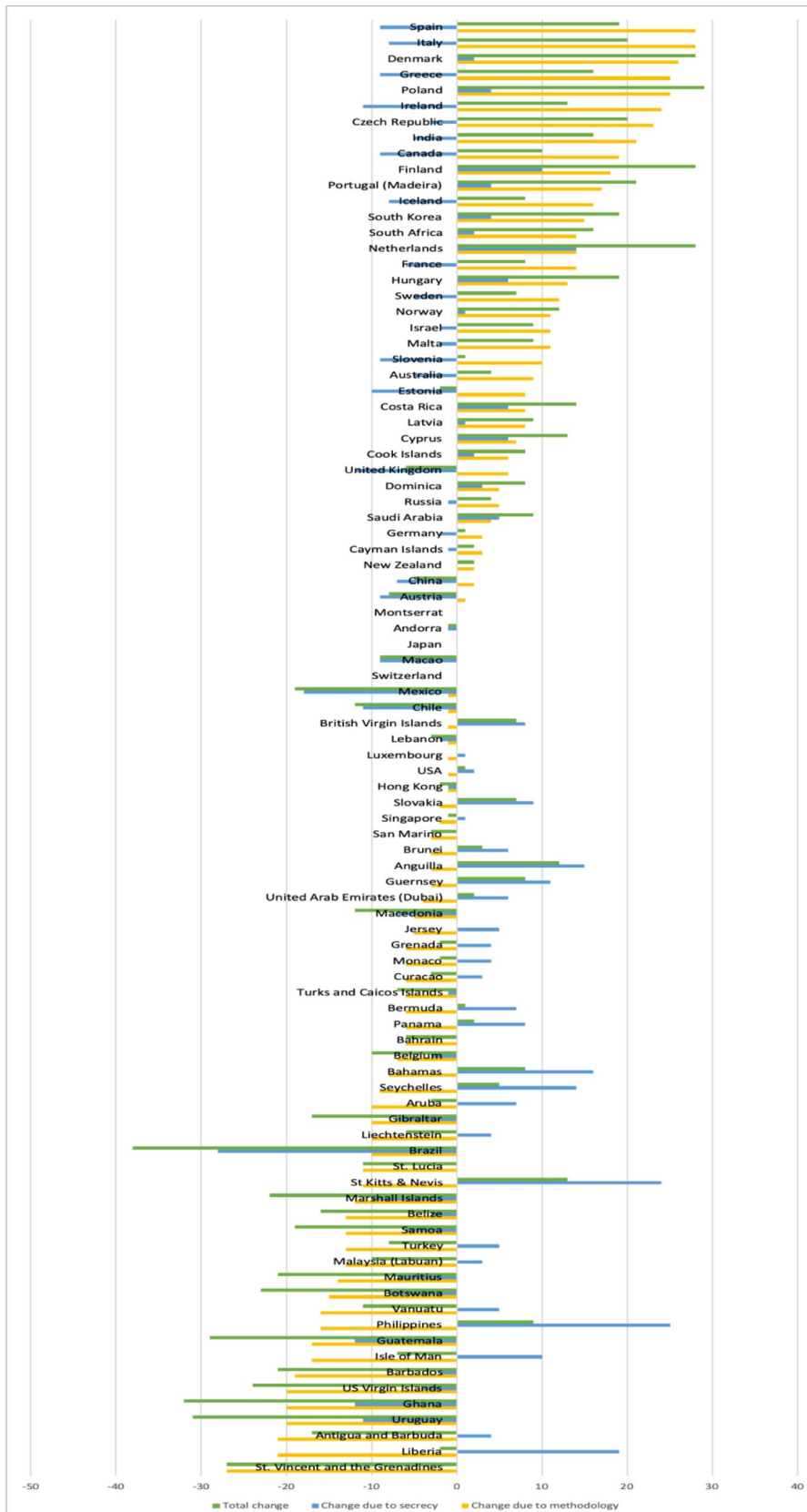
Figure 9 combines previous figures, showing the effect of the change of methodological approach and the change of secrecy of observed jurisdictions during the period 2015 – 2018, together with the total change in the ranking positions between the FSI 2015 and the FSI 2018. Unsurprisingly, the impact of methodological changes is presented in almost all SJs, exceptions were noted only in Switzerland, Japan, Macao, Andorra and Montserrat. Due to the extensive alteration of the methodology, majority of countries were not listed on their true positions in the FSI 2018. Appendix 6 shows the rank of all involved jurisdictions in the FSI 2015, the adjusted FSI 2015 and the FSI 2018.

Figure 8: The movements in the FSI caused by the change of methodology in 2015, by country



Source: Author

Figure 9: The movements in the FSI caused by the change of methodology and by the change of secrecy in the period 2015 - 2018, by country



Source: Author

## 5. Conclusion

The world of financial secrecy has gradually raised multiple threats in the modern society. Financial secrecy is nowadays an issue around the world, as it afflicts both developed and developing countries. Entities as well as rich individuals benefit from secrecy jurisdiction's unnatural financial environment which provides advantages for non-residents in the form of illegal financial activities, such as tax avoidance or money laundering. In order to prevent from such activities globally, regulations which makes jurisdictions appealing have to be identified and altered. Janský, Palanský (2019) concluded in their study: "Intensity of financial secrecy has decreased on average – and that financial transparency has thus improved". This statement would not be possible without knowing details about the development of financial secrecy, what plays a major role also in this thesis, which contributes to the mentioned paper of Janský, Palanský (2019) on the progress of global financial transparency.

Financial Secrecy Index presents the ranking of secrecy jurisdictions, based on both qualitative and quantitative measures of each involved jurisdiction. Notable methodological changes have been made to the FSI in the last version of 2018, raising doubts about possible movements of SJs caused by the overhauled methodology. In order to identify whether positions of SJs were altered not by the change of secrecy level of particular jurisdiction, but by the new methodological approach, comparison with adjusted FSI was performed.

Changes in methodology, which now better reflects on the developing standards of transparency, generated the first increase of the average SS in the history of the FSI, as a consequence of adding completely new KFSIs. Overall average secrecy across all 92 jurisdictions increased by 1.3%. Newly constructed adjusted ranking from 2015 built with the same methodological approach as the one from 2018 confirms that global average secrecy is decreasing over time, in the period 2015 - 2018 by 3,6%. Detailed breakdown of overall secrecy by category shows, that decrease of secrecy is caused mainly by the improvement in International standards and cooperation category. I found out that secrecy scores of majority jurisdictions have increased, most notably in the European countries such as Finland, Poland, Denmark or Spain. Decrease of SS is observed only in several jurisdictions, usually in ones with very tiny share of world's



market for financial services, such as Ghana, Macedonia or St. Vincent and the Grenadines.

One of the most important findings of this thesis is that some movement of SJs in the ranking were caused by the change of methodology, what contradicts with the basic idea of the FSI to adequately reflect only on the secrecy level and on jurisdiction's percentage of the market of financial services. Therefore, the comparison of the financial secrecy of any jurisdiction based on the original FSI 2015 and the FSI 2018 is inefficient and misleading. Obviously, stringent methodology, which was undoubtedly required, caused an unwanted outcome. However, the adjusted FSI 2015 serves as a perfect instrument, which enables to compare the level of secrecy across the world between 2015 and 2018. Based on the results, the majority of observed jurisdictions did not move in the ranking for more than 6 positions. Several secrecy jurisdictions have undergone an important step towards the improvement of transparency during the mentioned period, mainly countries of South and Central America, namely Brazil, Mexico, Guatemala, Chile and Uruguay alongside with European countries like the UK, Ireland or Estonia. The United Kingdom has dropped by 12 places to 21<sup>st</sup> position. On the contrary, developing countries, for example Philippines, St. Kitts and Nevis or Liberia became more secretive than in the past.

The main contribution of this thesis is to provide important element in the study of development of the financial secrecy. The adjusted FSI 2015 will help to understand the nowadays evolution of the secrecy across time, providing the effective comparison of secrecy jurisdictions. Tax Justice Network will launch the FSI 2020 in February 2020, constructed with the same methodological approach as previous one. Together with the adjusted FSI 2015, financial secrecy will be effectively observed in three sub-subsequent editions of the index.

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# Appendices

## Appendix 1: The Financial Secrecy Index 2018

Rank	Jurisdiction	FSI Value	Secrecy Score	Global Scale Weight
1	Switzerland	1589,57	76,45	4,50%
2	USA	1298,47	59,83	22,30%
3	Cayman Islands	1267,68	72,28	3,79%
4	Hong Kong	1243,68	71,05	4,17%
5	Singapore	1081,98	67,13	4,58%
6	Luxembourg	975,92	58,20	12,13%
7	Germany	768,95	59,10	5,17%
8	Taiwan	743,38	75,75	0,50%
9	UAE (Dubai)	661,15	83,85	0,14%
10	Guernsey	658,92	72,45	0,52%
11	Lebanon	644,41	72,03	0,51%
12	Panama	625,84	76,63	0,27%
13	Japan	623,92	60,50	2,24%
14	Netherlands	598,81	66,03	0,90%
15	Thailand	550,60	79,88	0,13%
16	British Virgin Islands	502,76	68,65	0,38%
17	Bahrain	490,71	77,80	0,11%
18	Jersey	438,22	65,45	0,38%
19	Bahamas	429,00	84,50	0,04%
20	Malta	426,31	60,53	0,71%
21	Canada	425,84	54,75	1,75%
22	Macao	424,92	68,25	0,24%
23	United Kingdom	423,76	42,35	17,37%
24	Cyprus	404,44	61,25	0,55%
25	France	404,18	51,65	2,52%
26	Ireland	387,94	50,65	2,66%
27	Kenya	378,35	80,05	0,04%
28	China	372,58	60,08	0,51%
29	Russia	361,16	63,98	0,26%
30	Turkey	353,89	67,98	0,14%
31	Malaysia (Labuan)	335,11	71,93	0,07%
32	India	316,62	51,90	1,16%
33	South Korea	314,06	59,03	0,36%
34	Israel	313,55	63,25	0,19%
35	Austria	310,41	55,90	0,56%
36	Bermuda	281,83	73,05	0,04%
37	Saudi Arabia	278,58	69,88	0,05%
38	Liberia	277,29	79,70	0,02%

39	Marshall Islands	275,29	72,93	0,04%
40	Philippines	269,81	65,38	0,09%
41	Italy	254,14	49,48	0,92%
42	Isle of Man	248,68	63,58	0,09%
43	Ukraine	246,25	69,15	0,04%
44	Australia	244,36	51,15	0,61%
45	Norway	242,85	51,58	0,55%
46	Liechtenstein	240,86	78,28	0,01%
47	Romania	232,30	65,53	0,06%
48	Barbados	230,95	73,85	0,02%
49	Mauritius	223,47	72,35	0,02%
50	South Africa	216,44	56,10	0,18%
51	Poland	215,40	57,35	0,15%
52	Spain	213,89	47,70	0,77%
53	Belgium	212,97	44,00	1,56%
54	Sweden	203,55	45,48	1,01%
55	Latvia	195,65	57,38	0,11%
56	Anguilla	195,04	77,50	0,01%
57	Indonesia	188,79	61,45	0,05%
58	New Zealand	178,56	56,23	0,10%
59	Costa Rica	168,78	68,65	0,01%
60	Chile	168,64	61,60	0,04%
61	Denmark	166,12	52,50	0,15%
62	Paraguay	158,52	84,33	0,00%
63	St. Kitts and Nevis	152,55	76,65	0,00%
64	Portugal (Madeira)	151,63	54,68	0,08%
65	Puerto Rico	151,06	77,20	0,00%
66	Vanuatu	149,27	88,58	0,00%
67	Uruguay	148,20	60,83	0,03%
68	Aruba	148,05	75,98	0,00%
69	Dominican Republic	147,09	71,60	0,01%
70	Czech Republic	145,10	52,93	0,09%
71	Finland	142,23	52,70	0,09%
72	Iceland	139,69	59,90	0,03%
73	Brazil	138,00	49,00	0,16%
74	Hungary	132,73	54,70	0,05%
75	Tanzania	128,92	73,40	0,00%
76	Slovakia	127,89	54,90	0,05%
77	Seychelles	125,26	75,20	0,00%
78	Guatemala	123,63	73,10	0,00%
79	Croatia	119,36	59,28	0,02%
80	Greece	118,58	57,88	0,02%
81	Samoa	115,90	77,60	0,00%

82	Mexico	107,57	54,38	0,03%
83	Gibraltar	107,44	70,83	0,00%
84	Curacao	105,66	74,80	0,00%
85	Venezuela	105,03	68,53	0,00%
86	US Virgin Islands Turks and Caicos Islands	101,89	73,08	0,00%
87	Bolivia	98,08	76,78	0,00%
88	Bulgaria	94,82	80,35	0,00%
89	Belize	91,38	54,18	0,02%
90	Brunei	86,30	75,18	0,00%
91	Monaco	85,60	84,05	0,00%
92	Estonia	82,93	77,50	0,00%
93	Maldives	79,47	50,85	0,02%
94	Ghana	74,87	81,08	0,00%
95	Dominica	68,85	61,75	0,00%
96	Lithuania	62,02	77,33	0,00%
97	Antigua and Barbuda	58,75	46,78	0,02%
98	Montenegro	54,53	86,88	0,00%
99	Cook Islands	52,64	63,15	0,00%
100	Grenada	44,97	74,58	0,00%
101	Macedonia	44,61	77,08	0,00%
102	Botswana	39,76	60,68	0,00%
103	Slovenia	39,45	68,73	0,00%
104	Andorra	35,32	41,83	0,01%
105	Gambia	35,05	66,05	0,00%
106	Trinidad and Tobago	34,51	76,63	0,00%
107	Nauru	27,86	65,25	0,00%
108	San Marino	26,32	66,65	0,00%
109	St. Lucia	24,31	64,00	0,00%
110	St. Vincent and the Grenadines	21,52	78,28	0,00%
111	Montserrat	21,38	69,95	0,00%
112		16,53	77,50	0,00%

Source: The Financial Secrecy Index 2018

## Appendix 2: The KFSIs used in the FSI 2015

Number	Key Financial Secrecy Indicators (KFSI)
<b>Knowledge of beneficial ownership</b>	
1	Banking Secrecy
2	Trust and Foundations Register
3	Recorded Company Ownership
<b>Key aspects of corporate transparency regulation</b>	
4	Public Company Ownership
5	Public Company Accounts
6	Country-by-country reporting
<b>Efficiency of tax and financial regulation</b>	
7	Fit for Information Exchange
8	Efficiency of Tax Administration
9	Avoids Promoting Tax Evasion
10	Harmful Legal Vehicles
<b>International standards and cooperation</b>	
11	Anti-money Laundering
12	Automatic Information Exchange
13	Bilateral Treaties
14	International Transparency Commitments
15	International Judicial Cooperation

Source: The Financial Secrecy Index 2015

### Appendix 3: The KFSIs used in the FSI 2018

Number	Key Financial Secrecy Indicator (KFSI)
<b>Ownership Registration</b>	
1	Banking Secrecy
2	Trust and Foundations Register
3	Recorded Company Ownership
4	Other Wealth ownership
5	Limited Partnership Transparency
<b>Legal Entity Transparency</b>	
6	Public Company Ownership
7	Public Company Accounts
8	Country-by-country reporting
9	Corporate Tax Disclosure
10	Legal Entity Identifier
<b>Integrity of tax and financial regulation</b>	
11	Tax Administration Capacity
12	Consistent Personal Income Tax
13	Avoids promoting Tax Evasion
14	Tax Court Secrecy
15	Harmful Structures
16	Public Statistics
<b>International standards and cooperation</b>	
17	Anti-money Laundering
18	Automatic Information Exchange
19	Bilateral Treaties
20	International Legal Cooperation

Source: The Financial Secrecy Index 2018

#### Appendix 4: Detailed breakdown of results for 20 KFSI in the adjusted FSI 2015

Jurisdiction\ KFSI	KI-1	KI-2	KI-3	KI-4	KI-5	KI-6	KI-7	KI-8	KI-9	KI-10	KI-11	KI-12	KI-13	KI-14	KI-15	KI-16	KI-17	KI-18	KI-19	KI-20	Final SS
Switzerland	0,73	1	1	0,875	1	1	1	1	1	1	0,75	0,75	1	0,75	0,75	0,3	0,38	0,75	0,53	0,23	<b>0,7897</b>
USA	0,6	0,5	1	1	1	1	1	1	1	0,75	0,15	0	0,4	0,25	0,5	0,3	0,3	1	0,17	0,23	<b>0,6075</b>
Cayman Islands	0,6	0,5	0,75	1	1	1	1	1	0,5	1	1	1	1	1	0,75	0,6	0,32	0,5	0	0,29	<b>0,7403</b>
Hong Kong	0,86	0,5	1	1	1	1	1	0,9	1	1	0,75	0,375	1	0,5	0,5	0,3	0,42	0,75	0,62	0,23	<b>0,7354</b>
Singapore	0,54	0,5	1	0,95	0,95	1	1	1	1	0,75	0,625	0,375	1	0,75	0,75	0,3	0,31	0,75	0,38	0,20	<b>0,7061</b>
Luxembourg	0,8	0,5	1	1	0,9	1	0,5	0,5	0,75	0,75	0,75	0	0,8	0,5	1	0,3	0,65	0,5	0	0,14	<b>0,6170</b>
Germany	0,7	1	1	1	1	1	1	0,5	1	0,75	0,875	0	0,3	1	0,75	0,3	0,47	0,5	0,19	0,30	<b>0,6817</b>
United Arab Emirates (Dubai)	0,47	0,5	1	1	1	1	1	1	1	1	1	1	1	1	1	0,8	0,57	0,75	0,51	0,36	<b>0,8480</b>
Guernsey	0,57	0,75	0,75	1	1	1	1	1	1	1	1	0,75	0,8	1	0,5	0,8	0,18	0,5	0	0,07	<b>0,7335</b>
Lebanon	0,63	0,5	1	0,5	1	1	1	1	1	1	0,75	0,375	1	0,75	0,5	0,7	0,55	1	1	0,43	<b>0,7840</b>
Panama	0,44	0,75	1	1	1	1	1	1	1	1	0,875	0,75	1	0,75	0,5	0,3	0,33	1	0,81	0,20	<b>0,7851</b>
Japan	0,47	0,375	1	1	1	1	1	1	1	1	0,625	0,375	0,3	0,5	0,25	0,3	0,55	0,75	0	0,52	<b>0,6505</b>
Netherlands	0,5	0,75	1	0,95	1	1	1	0,5	0,75	0,75	0,625	0,75	1	0,75	0,5	0,3	0,42	0,5	0	0,27	<b>0,6655</b>
British Virgin Islands	0,5	0,5	0,75	0,5	1	1	1	1	0,5	1	1	0,75	1	1	0,75	1	0,33	0,5	0	0,00	<b>0,7040</b>
Bahrain	0,8	0,5	1	1	1	1	1	1	1	1	1	1	1	0,5	0,25	0,4	0,48	1	0,60	0,23	<b>0,7882</b>
Jersey	0,73	0,75	0,4	0,5	1	0,9	1	1	1	1	1	0,75	1	1	0,75	0,8	0,26	0,5	0	0,23	<b>0,7285</b>
Bahamas	0,76	1	1	1	1	1	1	1	1	1	1	1	1	1	0,5	0,6	0,45	1	1	0,20	<b>0,8753</b>
Malta	0,47	1	0,9	1	0,9	0,85	0,5	0,5	1	0,75	0,75	0,75	0,8	0,5	0,75	0,5	0,31	0,5	0	0,00	<b>0,6365</b>
Canada	0,47	0,375	1	1	1	1	1	0,75	1	0,75	0,25	0	0,6	0,75	0,75	0,3	0,49	0,75	0	0,14	<b>0,6188</b>
Macao	0,6	0,25	1	1	1	1	1	1	0,5	1	1	0,75	1	1	0,5	0,4	0,45	1	0,96	0,45	<b>0,7931</b>
United Kingdom	0,63	0,5	0,5	1	1	0,5	0	0,5	1	0,75	0,5	0,375	0,8	0,5	0,25	0,3	0,28	0,5	0	0,04	<b>0,4960</b>
Cyprus	0,6	0,25	1	1	1	1	1	0,5	1	0,75	0,875	0,75	0,4	0,5	0,75	0,3	0,29	0,5	0	0,07	<b>0,6268</b>
France	0,54	0,375	0,75	1	1	1	0,5	0,5	0,75	0,75	0,5	0	1	0,75	0,5	0,3	0,35	0,5	0	0,14	<b>0,5603</b>
Ireland	0,43	0,375	0,9	1	1	0,9	0,5	0,5	1	1	0,375	0,75	0,9	0,5	0,5	0,3	0,4	0,5	0	0,00	<b>0,5915</b>

China	0,4	0,5	1	1	1	1	1	1	1	1	0,625	0	0	1	0,5	0,3	0,51	1	0,00	0,20	<b>0,6515</b>
Russia	0,5	0,25	0,9	1	1	1	1	1	1	1	0,625	0	0,8	1	0,25	0,4	0,45	1	0	0,07	<b>0,6623</b>
Turkey	0,7	0,75	1	0,5	1	1	1	1	1	1	0,625	0	0,3	1	0,5	0,3	0,39	1	0,21	0,33	<b>0,6801</b>
Malaysia (Labuan)	0,27	1	1	0,875	1	1	1	1	1	1	0,5	0,75	1	1	0,75	0,3	0,62	1	0,36	0,33	<b>0,7877</b>
India	0,4	0,375	0,9	1	1	1	1	1	1	1	0,625	0	0	0,5	0,25	0,3	0,46	0,5	0	0,18	<b>0,5743</b>
South Korea	0,5	0,375	1	1	1	1	1	1	1	1	0,65	0,75	0	0,5	0,5	0,3	0,5	0,5	0	0,14	<b>0,6358</b>
Israel	0,56	0,5	1	1	1	1	1	1	1	1	0,525	0,375	0	1	0,5	0,7	0,42	1	0,40	0,20	<b>0,7086</b>
Austria	0,63	0,75	1	1	0,75	1	0,5	0,5	1	0,75	0,875	0	0,3	1	0,75	0,3	0,46	0,75	0	0,24	<b>0,6275</b>
Bermuda	0,77	0,5	0,75	1	1	1	1	1	1	1	1	0,75	1	1	0,5	0,4	0,57	0,5	0	0,23	<b>0,7485</b>
Saudi Arabia	0,43	0,375	1	1	1	1	1	1	0,5	1	0,625	0,75	1	1	0,5	0,6	0,46	1	0,83	0,36	<b>0,7715</b>
Liberia	0,53	1	1	0,5	1	1	1	1	0,5	1	1	0	1	1	0,5	0,8	0,86	1	1	0,49	<b>0,8088</b>
Marshall Islands	0,5	0,375	1	0,5	1	1	1	1	1	1	1	0,375	1	1	0,75	1	0,55	1	1	0,36	<b>0,8205</b>
Philippines	0,5	0,375	1	0,5	1	1	1	1	1	1	1	0	0	1	0,25	0,5	0,58	0,5	0,47	0,30	<b>0,6486</b>
Italy	0,33	0,5	0,65	1	1	0,9	0,5	0,5	0,75	0,75	0,625	0,75	0,5	0,75	0,5	0,3	0,37	0,5	0	0,00	<b>0,5588</b>
Isle of Man	0,63	1	0,5	0,5	1	1	0,5	1	1	1	0,75	0,375	0,8	1	0,5	0,8	0,34	0,5	0	0,23	<b>0,6710</b>
Australia	0,4	0,375	1	1	1	1	1	1	0,75	1	0,35	0	0,5	0,75	0,25	0,2	0,42	0,75	0	0,00	<b>0,5873</b>
Norway	0,2	0,5	0,9	0,45	1	0,85	0,25	1	1	1	0,625	0	0,3	1	0,25	0,4	0,46	0,5	0	0,18	<b>0,5430</b>
Liechtenstein	0,73	1	1	1	1	1	1	1	1	1	0,75	0,375	1	1	0,75	1	0,49	0,5	0,89	0,36	<b>0,8418</b>
Barbados	0,53	1	1	1	1	1	1	1	0,5	1	1	0,75	1	1	0,5	0,7	0,52	0,5	0,47	0,42	<b>0,7943</b>
Mauritius	0,4	1	1	1	1	1	1	1	1	1	0,625	0,375	1	1	0,5	0,5	0,52	0,5	0,66	0,30	<b>0,7690</b>
South Africa	0,46	0,375	1	1	1	1	1	1	0,75	1	0,25	0,375	0,4	0,5	0,5	0,3	0,5	0,5	0	0,11	<b>0,6008</b>
Poland	0,53	0,25	1	1	1	1	1	0,5	1	0,75	0,625	0	0	1	0,5	0,5	0,58	0,5	0	0,18	<b>0,5955</b>
Spain	0,27	0,25	1	0,9	1	1	1	0,5	1	0,75	0,5	0	0,4	0,5	0,75	0,3	0,15	0,5	0	0,04	<b>0,5403</b>
Belgium	0,27	0,5	0,75	0,5	1	1	0	0,5	0,5	0,75	0,625	0,375	0,5	0,5	0,5	0,3	0,33	0,5	0	0,18	<b>0,4788</b>
Sweden	0,6	0,75	0,4	0,5	1	1	0,5	0,5	0,75	0,75	0,625	0	0,3	1	0,25	0,3	0,47	0,5	0	0,07	<b>0,5133</b>
Latvia	0,66	0,375	0,75	0,9	1	1	1	0,5	1	0,75	0,625	0	0,4	1	0,75	0,5	0,44	0,5	0	0,10	<b>0,6125</b>
Anguilla	0,5	1	1	0,5	1	1	1	1	1	1	1	1	1	1	0,75	0,9	0,41	0,5	0	0,29	<b>0,7923</b>
New Zealand	0,27	0,375	0,9	0,5	1	0,8	1	1	1	1	0,75	0	0,4	0,75	0,25	0,5	0,56	0,75	0	0,27	<b>0,6035</b>

Costa Rica	0,5	0,5	1	0,5	1	1	1	1	1	1	0,625	0,75	1	1	0,25	0,5	0,71	0,75	0	0,24	<b>0,7160</b>
Chile	0,6	0,375	0,9	0,5	1	1	1	1	1	1	0,625	0	0,5	1	0,25	0,3	0,48	0,75	0,60	0,29	<b>0,6587</b>
Denmark	0,73	0,75	1	0,5	1	1	0,25	0,5	0,75	0,75	0,625	0	0	1	0,25	0,3	0,5	0,5	0	0,11	<b>0,5255</b>
St Kitts & Nevis	0,77	0,875	1	0,5	1	1	1	1	0,5	1	1	1	1	1	0,5	0,4	0,56	0,75	0,85	0,35	<b>0,8027</b>
Portugal (Madeira)	0,37	0,25	0,75	1	1	1	1	1	1	0,75	0,375	0,375	0,3	0,5	0,75	0,3	0,34	0,5	0	0,00	<b>0,5780</b>
Vanuatu	0,66	1	1	0,5	1	1	1	1	1	1	1	1	1	1	0,75	0,8	0,67	1	1	0,36	<b>0,8870</b>
Uruguay	0,53	0,25	0,25	1	1	1	1	1	1	1	0,75	0,375	1	1	0,5	0,5	0,35	1	0,81	0,20	<b>0,7256</b>
Aruba	0,47	0,25	1	0,5	1	1	1	1	1	1	1	0,75	1	1	0,75	0,5	0,77	0,75	0	0,36	<b>0,7548</b>
Czech Republic	0,6	0,25	0,75	0,5	0,525	1	0,25	0,5	1	0,75	0,625	0,375	1	1	0,5	0,5	0,51	0,5	0	0,14	<b>0,5638</b>
Finland	0,53	0,25	1	1	1	1	0,5	0,5	0,75	0,75	0,625	0	0	1	0,75	0,3	0,51	0,5	0	0,14	<b>0,5553</b>
Iceland	0,33	0,75	0,9	0,5	1	1	1	1	1	1	0,75	0,375	0,4	1	0,25	0,5	0,51	0,5	0	0,21	<b>0,6485</b>
Brazil	0,5	0,25	0,75	0,5	1	1	1	1	0,5	1	0,5	0	0	0,25	0,5	0,3	0,52	1	0,66	0,27	<b>0,5748</b>
Hungary	0,37	0,25	0,75	0,5	1	1	0,5	0,5	1	0,75	0,875	0	0,4	1	0,25	0,5	0,22	0,5	0	0,00	<b>0,5183</b>
Slovakia	0,7	0,25	0,75	0,4	0,525	1	0,25	0,5	1	0,75	0,625	0,375	1	1	0,75	0,5	0,65	0,5	0	0,24	<b>0,5880</b>
Seychelles	0,73	0,875	0,75	0,5	1	1	1	1	1	1	0,875	0,75	1	1	0,75	0,7	0,77	0,5	0	0,30	<b>0,7748</b>
Guatemala	0,6	0,5	0,75	0,5	1	1	1	1	1	1	0,875	0,375	1	1	0,5	0,6	0,44	1	1	0,30	<b>0,7718</b>
Greece	0,6	0,25	0,75	1	1	1	1	0,5	1	0,75	0,5	0,75	0	0,5	0,75	0,3	0,66	0,5	0	0,21	<b>0,6008</b>
Samoa	0,76	1	0,75	0,5	1	1	1	1	1	1	0,75	1	0,8	1	0,75	0,7	0,72	1	1	0,61	<b>0,8670</b>
Mexico	0,43	0,5	0,75	0,5	1	1	1	1	1	0,75	0,625	0	0	1	0,25	0,4	0,49	0,5	0	0,17	<b>0,5683</b>
Gibraltar	0,36	0,5	0,75	1	1	1	1	1	1	1	0,65	0,75	1	0,75	0,5	0,9	0,37	0,5	0	0,42	<b>0,7223</b>
Curacao	0,6	0,625	0,75	1	1	1	1	1	1	1	1	0,375	1	1	0,75	0,5	0,47	0,5	0	0,39	<b>0,7480</b>
US Virgin Islands	0,6	0,5	1	0,5	1	1	1	1	1	1	1	0	0,8	0,5	0,5	1	0,3	1	0	0,11	<b>0,6903</b>
Turks and Caicos Islands	0,53	0,5	0,75	1	1	1	1	1	0,5	1	1	0,75	1	1	0,75	1	0,66	0,5	0	0,57	<b>0,7755</b>
Belize	0,73	0,875	1	0,5	1	1	1	1	0,5	1	0,75	0,75	1	1	0,75	0,7	0,69	1	0	0,40	<b>0,7820</b>
Brunei	0,63	0,5	1	0,5	1	1	1	1	1	1	1	0,75	1	0,5	0,75	0,8	0,71	1	1	0,36	<b>0,8250</b>
Monaco	0,5	0,5	1	1	1	1	1	1	1	1	1	0	0,7	1	0,75	1	0,52	1	0,91	0,52	<b>0,8195</b>
Estonia	0,44	0,5	0,9	0,45	1	0,9	1	0,5	1	0,75	0,75	0	0,7	0,5	0,5	0,5	0,37	0,5	0	0,14	<b>0,5700</b>



Ghana	0,53	0,5	0,4	1	0	1	1	1	1	1	0,875	0	0,8	0,75	0,25	0,9	0,77	0,75	0	0,33	<b>0,6425</b>
Dominica	0,7	0,5	1	0,5	1	1	1	1	0,5	1	1	0,75	0,8	1	0,5	0,9	0,74	1	1	0,30	<b>0,8093</b>
Antigua and Barbuda	0,93	1	1	0,5	1	1	1	1	1	1	1	0,75	1	1	0,75	0,8	0,66	1	0,87	0,20	<b>0,8726</b>
Cook Islands	0,5	0,875	1	1	1	1	1	1	1	1	1	0,375	0,8	1	0,5	1	0,44	1	1	0,30	<b>0,8395</b>
Grenada	0,77	0,5	1	0,5	0	1	1	1	1	1	1	0,75	1	1	0,5	0,9	0,71	1	1	0,20	<b>0,7913</b>
Macedonia	0,53	0,25	1	0,4	1	1	1	1	0,5	1	1	0	0	0,5	0,25	0,6	0,65	1	0,45	0,33	<b>0,6231</b>
Botswana	0,47	0,5	1	0,5	0	1	1	1	0,5	1	1	0,75	0	1	0,25	0,6	0,86	1	0,83	0,36	<b>0,6810</b>
Slovenia	0,27	0,25	0,65	0,5	0,525	1	1	0,5	1	0,75	0,625	0	0,4	0,5	0,5	0,5	0,63	0,5	0	0,18	<b>0,5138</b>
Andorra	0,87	0,25	0,9	0,5	0	1	1	1	1	1	0,75	0,75	1	0,5	0,5	1	0,61	1	1	0,46	<b>0,7543</b>
San Marino	0,6	0,25	0,9	0,5	0	1	1	1	1	1	0,75	0	0,8	1	0,5	1	0,76	0,5	0,75	0,52	<b>0,6915</b>
St. Lucia	0,7	0,5	1	0,5	1	1	1	1	1	1	0,75	0,75	1	1	0,5	0,9	0,86	1	0,89	0,49	<b>0,8418</b>
St. Vincent and the Grenadines	0,67	0,5	1	0,5	0	1	1	1	1	1	0,75	0,375	1	0,5	0,75	0,8	0,58	1	0,91	0,29	<b>0,7308</b>
Montserrat	0,8	0,5	1	0,5	1	1	1	1	1	1	1	0,75	1	1	0,5	0,9	0,47	0,5	0	0,55	<b>0,7735</b>

Source: Author

## Appendix 5: The adjusted FSI 2015

Rank	Jurisdiction	FSI Value	Secrecy Score	Global Scale Weight
1	Switzerland	1886,70	78,967	5,63%
2	Cayman Islands	1479,99	74,025	4,86%
3	Hong Kong	1341,91	73,538	3,84%
4	USA	1302,35	60,749	19,60%
5	Germany	1241,92	68,168	6,03%
6	Singapore	1231,53	70,612	4,28%
7	Luxembourg	1146,52	61,700	11,63%
8	Lebanon	750,00	78,400	0,38%
9	United Kingdom	681,15	49,600	17,39%
10	Canada	619,10	61,875	1,79%
11	Macao	615,73	79,311	0,19%
12	Japan	605,04	65,050	1,06%
13	Ireland	589,64	59,150	2,31%
14	United Arab Emirates (Dubai)	577,59	84,797	0,09%
15	Bahrain	577,44	78,819	0,16%
16	Malta	553,70	63,650	0,99%
17	France	552,65	56,025	3,10%
18	China	539,60	65,150	0,74%
19	Panama	530,77	78,507	0,13%
20	Guernsey	521,68	73,350	0,23%
21	Jersey	499,77	72,850	0,22%
22	British Virgin Islands	492,36	70,400	0,28%
23	Austria	470,84	62,750	0,69%
24	India	465,66	57,425	1,49%
25	Russia	459,90	66,225	0,40%
26	Marshall Islands	447,02	82,050	0,05%
27	Netherlands	435,24	66,550	0,32%
28	Cyprus	425,98	62,675	0,52%
29	Israel	421,21	70,856	0,17%
30	Italy	401,36	55,875	1,22%
31	Malaysia (Labuan)	387,88	78,767	0,05%
32	Turkey	384,11	68,013	0,18%
33	Bahamas	371,43	87,525	0,02%
34	South Korea	371,42	63,575	0,30%
35	Australia	365,12	58,725	0,59%
36	Brazil	359,38	57,477	0,68%
37	Mauritius	358,54	76,902	0,05%
38	Spain	349,62	54,025	1,09%
39	Saudi Arabia	329,68	77,151	0,04%
40	Bermuda	314,04	74,850	0,04%
41	Barbados	311,37	79,425	0,02%
42	Norway	310,72	54,300	0,73%
43	Chile	303,69	65,869	0,12%

44	Sweden	291,87	51,325	1,01%
45	Belgium	290,89	47,875	1,86%
46	Liechtenstein	276,92	84,184	0,01%
47	South Africa	274,52	60,075	0,20%
48	Uruguay	274,22	72,557	0,04%
49	Isle of Man	265,67	67,100	0,07%
50	Poland	253,02	59,550	0,17%
51	Latvia	239,34	61,250	0,11%
52	New Zealand	239,27	60,350	0,13%
53	Mexico	235,35	56,825	0,21%
54	Liberia	207,09	80,875	0,01%
55	Iceland	192,20	64,850	0,04%
56	Guatemala	189,44	77,175	0,01%
57	Denmark	188,45	52,550	0,22%
58	Czech Republic	182,11	56,375	0,11%
59	Costa Rica	170,37	71,600	0,01%
60	Greece	167,37	60,075	0,05%
61	Portugal (Madeira)	165,54	57,800	0,06%
62	Philippines	159,56	64,858	0,02%
63	Vanuatu	150,35	88,700	0,00%
64	Samoa	140,41	86,700	0,00%
65	Gibraltar	138,80	72,225	0,01%
66	Anguilla	134,98	79,225	0,00%
67	Aruba	133,59	75,475	0,00%
68	Ghana	123,11	64,250	0,01%
69	Estonia	113,47	57,000	0,02%
70	US Virgin Islands	112,47	69,025	0,00%
71	Hungary	111,93	51,825	0,05%
72	Finland	107,84	55,525	0,03%
73	Belize	103,03	78,200	0,00%
74	Turks and Caicos Islands	100,48	77,550	0,00%
75	Slovakia	97,41	58,800	0,01%
76	Curacao	90,17	74,800	0,00%
77	Botswana	85,73	68,101	0,00%
78	Slovenia	77,95	51,375	0,02%
79	Macedonia	52,13	62,314	0,00%
80	St Kitts & Nevis	74,49	80,270	0,00%
81	Seychelles	78,48	77,475	0,00%
82	Monaco	71,85	81,953	0,00%
83	Brunei	46,94	82,500	0,00%
84	Dominica	25,55	80,925	0,00%
85	Cook Islands	24,08	83,950	0,00%
86	Antigua and Barbuda	99,63	87,265	0,00%
87	Andorra	26,10	75,425	0,00%
88	Grenada	47,81	79,125	0,00%
89	San Marino	32,68	69,149	0,00%

90	St. Lucia	53,99	84,184	0,00%
91	St. Vincent and the Grenadines	65,56	73,078	0,00%
92	Montserrat	16,45	77,350	0,00%

Source: Author

**Appendix 6: Positions of jurisdiction in the FSI 2015, the adjusted FSI 2015 and 2018**

Jurisdiction	2015	2015 adj	2018
Andorra	87	87	88
Anguilla	63	66	51
Antigua and Barbuda	65	86	82
Aruba	57	67	60
Australia	44	35	40
Austria	24	23	32
Bahamas	25	33	17
Bahrain	9	15	15
Barbados	22	41	43
Belgium	38	45	48
Belize	60	73	76
Bermuda	34	40	33
Botswana	62	77	85
Brazil	26	36	64
British Virgin Islands	21	22	14
Brunei	80	83	77
Canada	29	10	19
Cayman Islands	5	2	3
Cook Islands	91	85	83
Costa Rica	67	59	53
Curacao	70	76	73
Cyprus	35	28	22
Czech Republic	81	58	61
Denmark	83	57	55
Dominica	89	84	81
Estonia	77	69	79
Finland	90	72	62
France	31	17	23
Germany	8	5	7
Ghana	48	68	80
Gibraltar	55	65	72
Greece	85	60	69
Grenada	82	88	84
Guatemala	39	56	68
Guernsey	17	20	9
Hong Kong	2	3	4
Hungary	84	71	65
Chile	42	43	54
China	20	18	25
Iceland	71	55	63
India	45	24	29
Ireland	37	13	24

Jurisdiction	2015	2015 adj	2018
Isle of Man	32	49	39
Israel	40	29	31
Italy	58	30	38
Japan	12	12	12
Jersey	16	21	16
Latvia	59	51	50
Lebanon	7	8	10
Liberia	33	54	35
Liechtenstein	36	46	42
Luxembourg	6	7	6
Macao	11	11	20
Macedonia	74	79	86
Malaysia (Labuan)	18	31	28
Malta	27	16	18
Marshall Islands	14	26	36
Mauritius	23	37	44
Mexico	52	53	71
Monaco	76	82	78
Montserrat	92	92	92
Netherlands	41	27	13
New Zealand	54	52	52
Norway	53	42	41
Panama	13	19	11
Philippines	46	62	37
Poland	75	50	46
Portugal (Madeira)	78	61	57
Russia	30	25	26
Samoa	51	64	70
San Marino	86	89	89
Saudi Arabia	43	39	34
Seychelles	72	81	67
Singapore	4	6	5
Slovakia	73	75	66
Slovenia	88	78	87
South Africa	61	47	45
South Korea	49	34	30
Spain	66	38	47
St Kitts & Nevis	69	80	56
St. Lucia	79	90	90
St. Vincent and the Grenadines	64	91	91
Sweden	56	44	49
Switzerland	1	1	1
Turkey	19	32	27
Turks and Caicos Islands	68	74	75

Jurisdiction	2015	2015 adj	2018
United Arab Emirates (Dubai)	10	14	8
United Kingdom	15	9	21
Uruguay	28	48	59
US Virgin Islands	50	70	74
USA	3	4	2
Vanuatu	47	63	58

Source: Author