

# The Regulation of Illicit Financial Flows Dataset: A new world map of 30-years of financial secrecy and anti-money laundering reforms

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## Empirically assessing IFF regulatory impacts

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  - Particular focus on curtailing abuses of offshore jurisdictions
- **BUT**, limited understanding of actual impact of policy changes on illicit financial activities and flows
  - Shortage of quantitative empirical evidence

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***Regulation of Illicit Financial Flows (RIFF) dataset is designed to fill this gap***



## Regulation of Illicit Financial Flows (RIFF) dataset

**61 jurisdictions** – prioritized based on combination of OFC / tax haven lists, TJN evaluations, importance in international financial markets, and importance in ICIJ data

**23 policy indicators** – defined based on combination of importance and data availability

**30 years (1990-2020)** – annual time resolution of data

# RIFF Indicators

| Category                             | Indicator  | Availability         |           |
|--------------------------------------|--|----------------------|-----------|
| AML/CFT compliance and enforcement   | Money laundering criminalisation (drugs)                               | 1990-2020            |           |
|                                      | Money laundering criminalisation (predicate offences other than drugs) | 1990-2020            |           |
|                                      | Terrorist financing criminalisation                                    | 1990-2020            |           |
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|                                      | Client Due Diligence (CDD)   | 1990-2020            |           |
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***Developed with support from Tax Justice Network***

What does the RIFF tell us about the changing world map of IFF regulation, 1990-2020?



## RIFF Composite Regulatory Score

**Scored based on factor analysis of 11 (of 23) indicators selected to minimize missing data; first factor explains 51% of total variance**

Includes beneficial ownership registration, bearer shares ban/immobilization, suspicious transaction whistleblower protections, suspicious transaction reporting obligations, client tip-off restrictions, automatic exchange of information, client due diligence (general), PEPs enhanced due diligence, ML criminalization drugs, ML criminalization other, financial intelligence unit)



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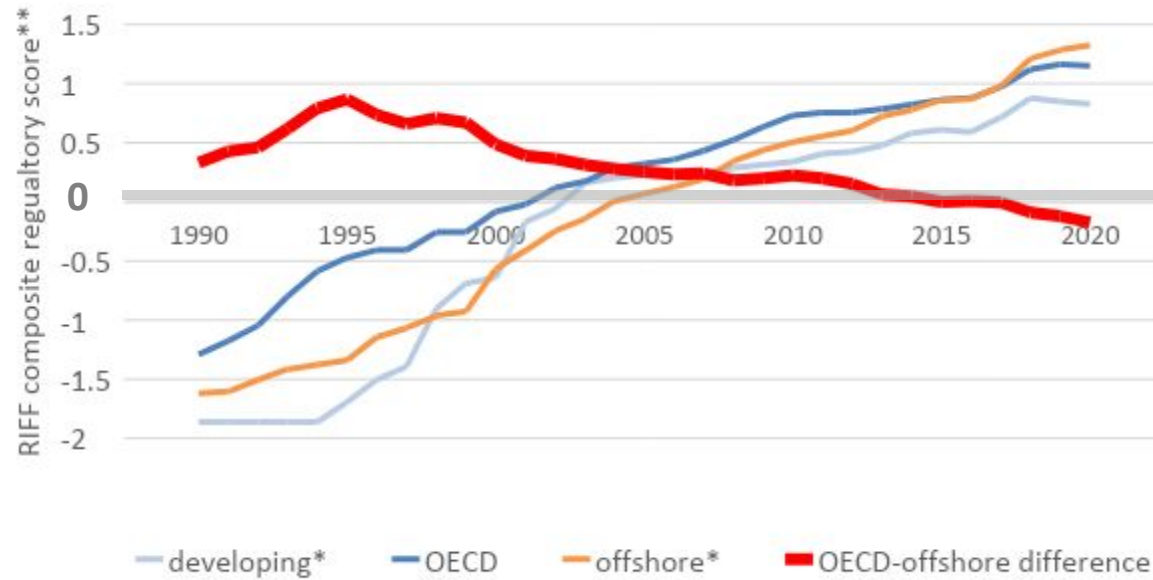


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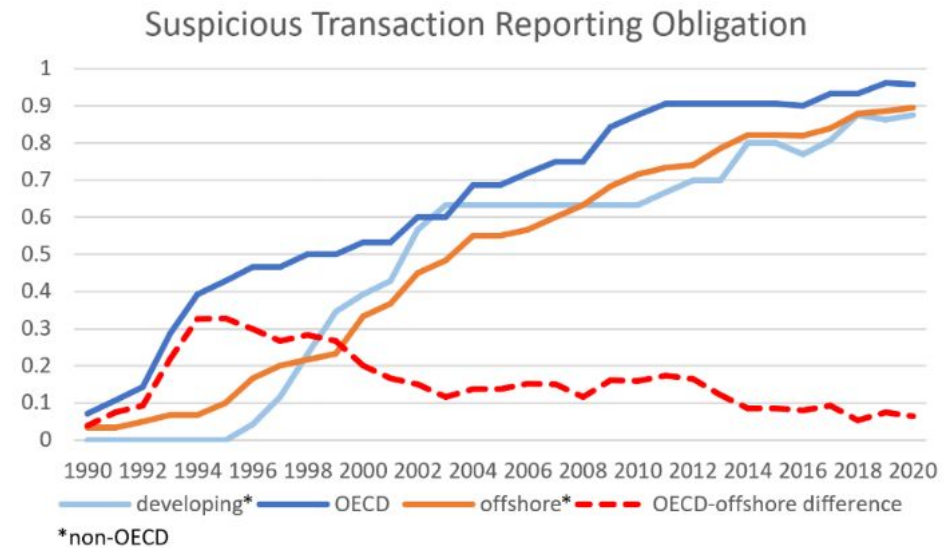
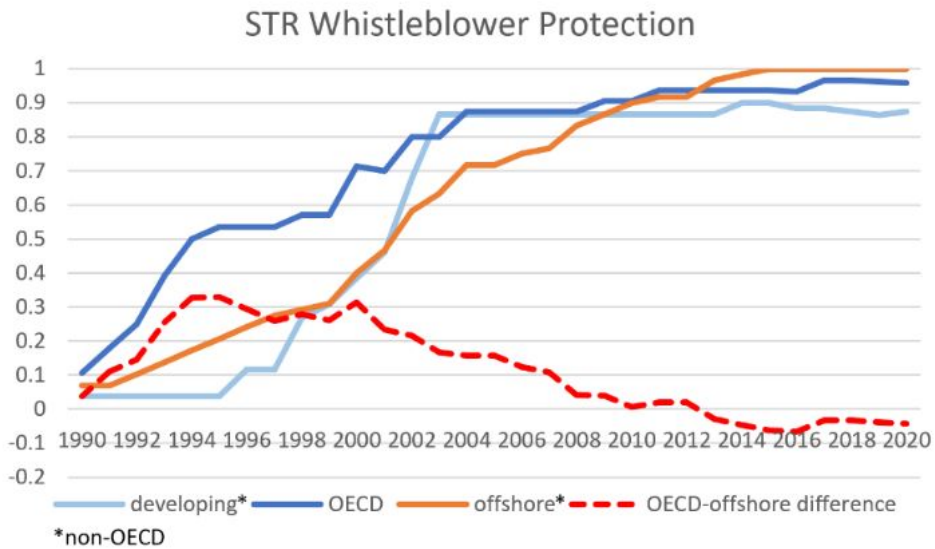
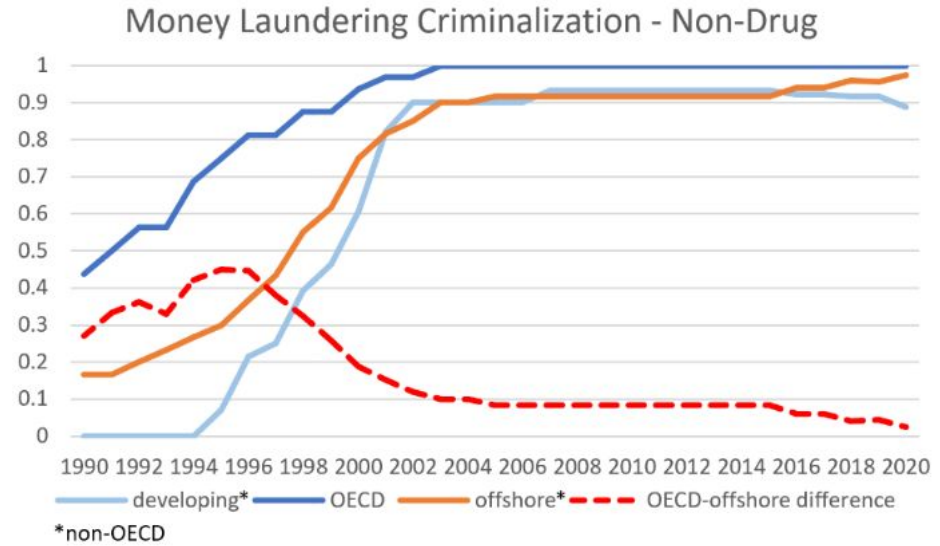
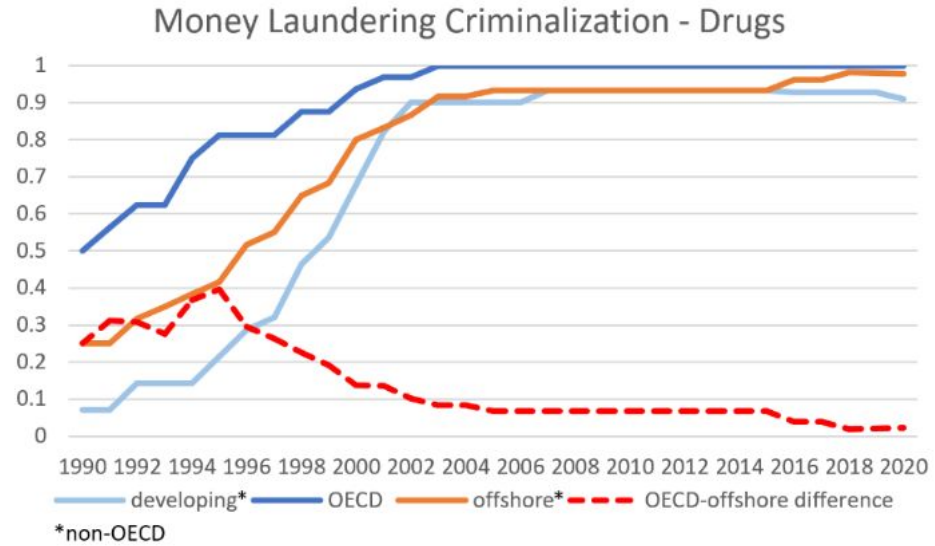
# Offshore-onshore regulatory convergence?



**Offshore-OECD composite  
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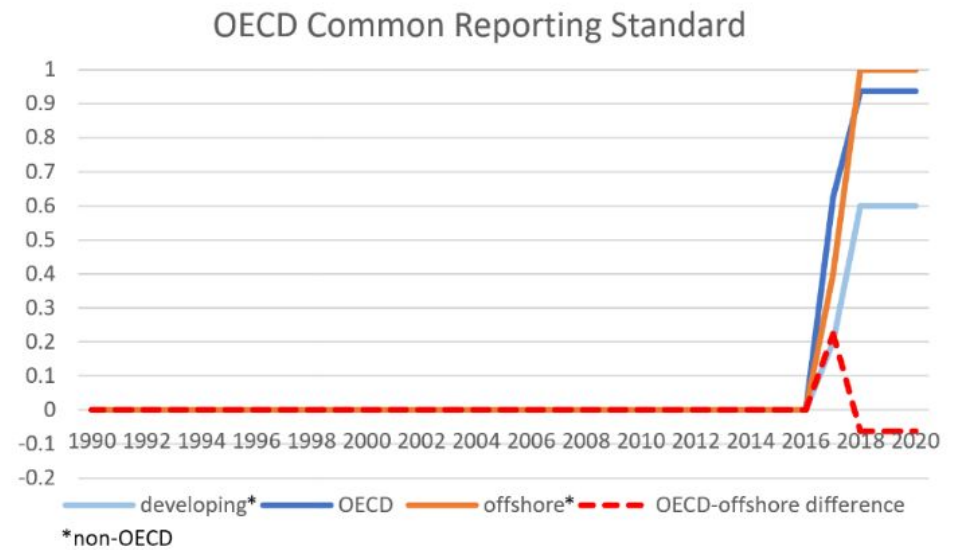
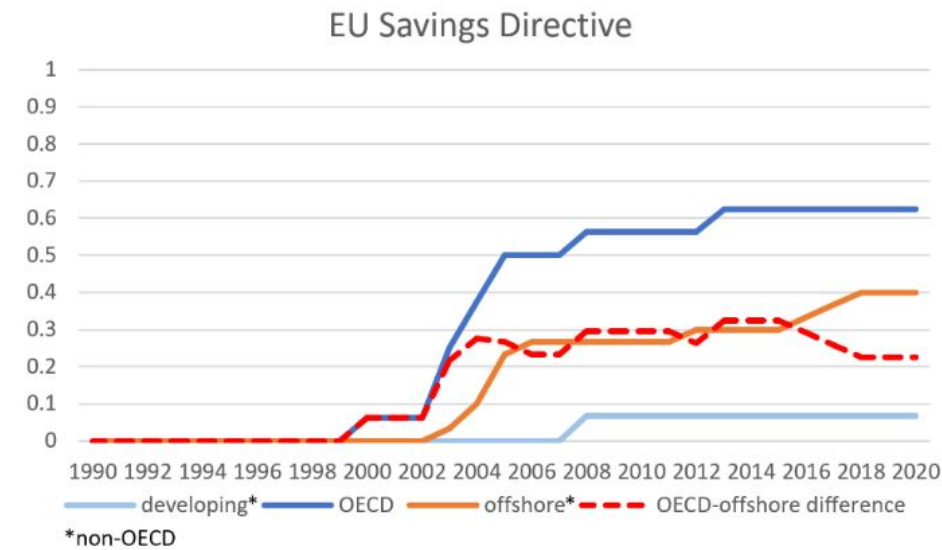
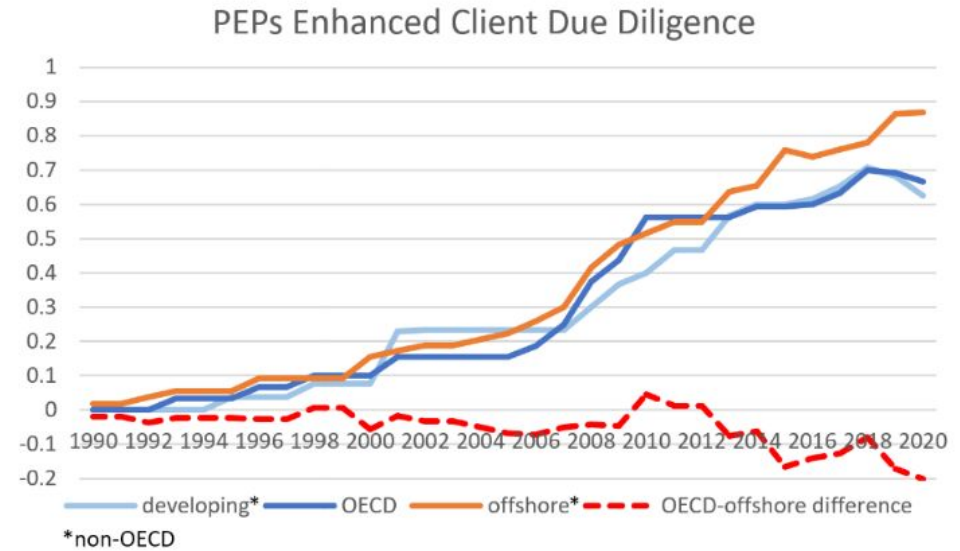
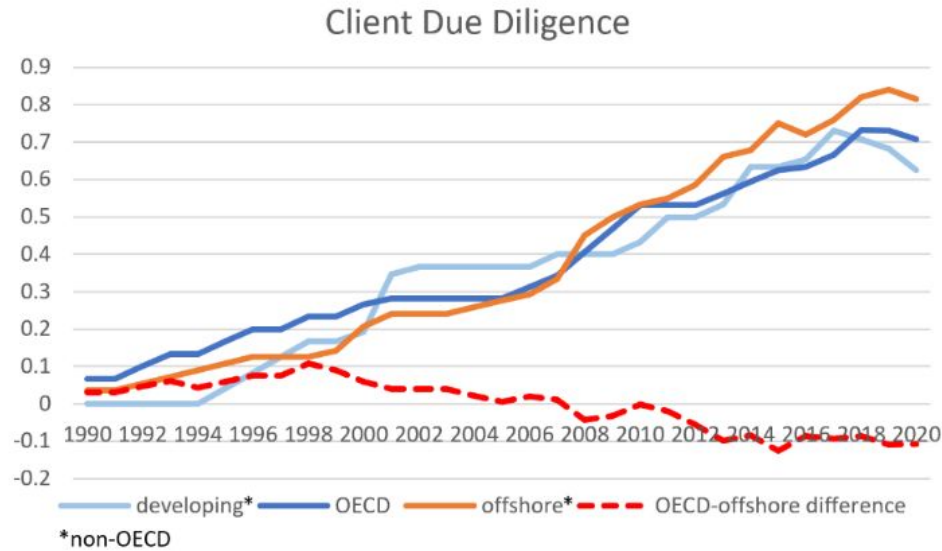
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## Selected early-reform indicators



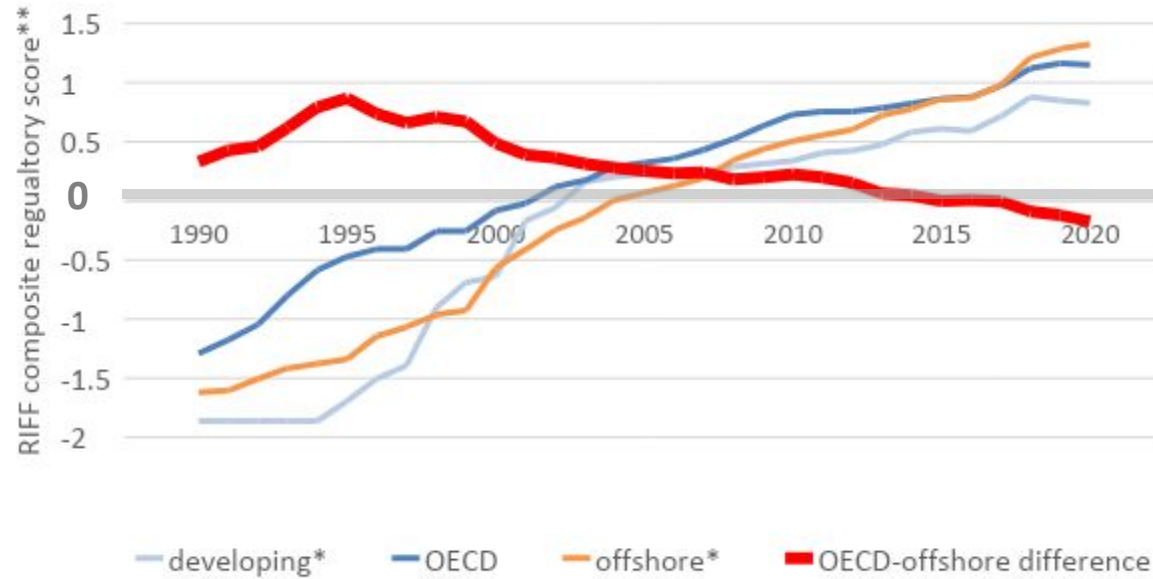
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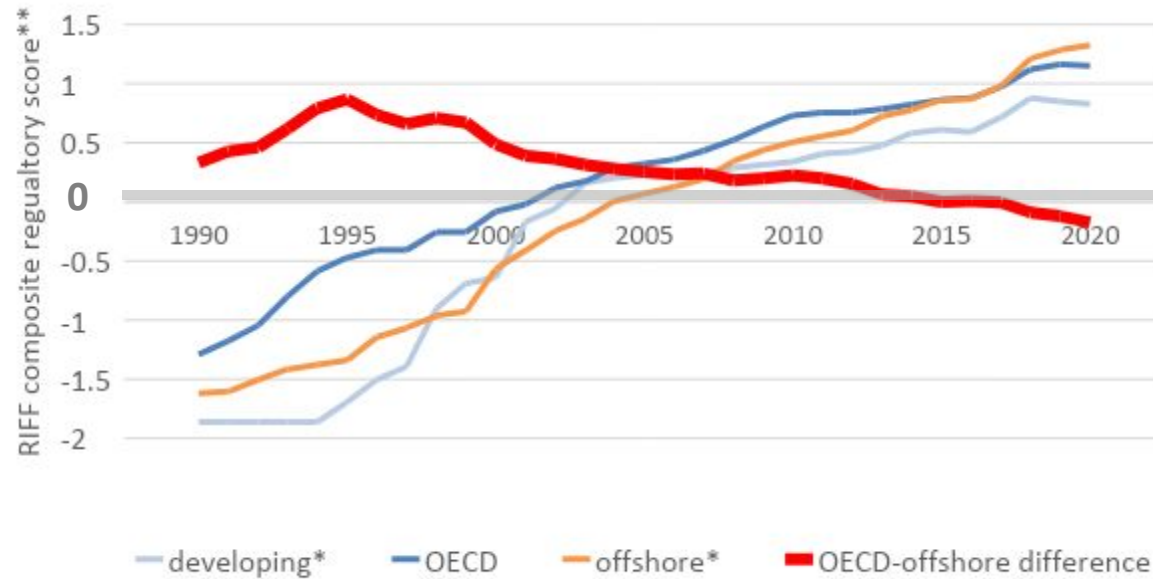


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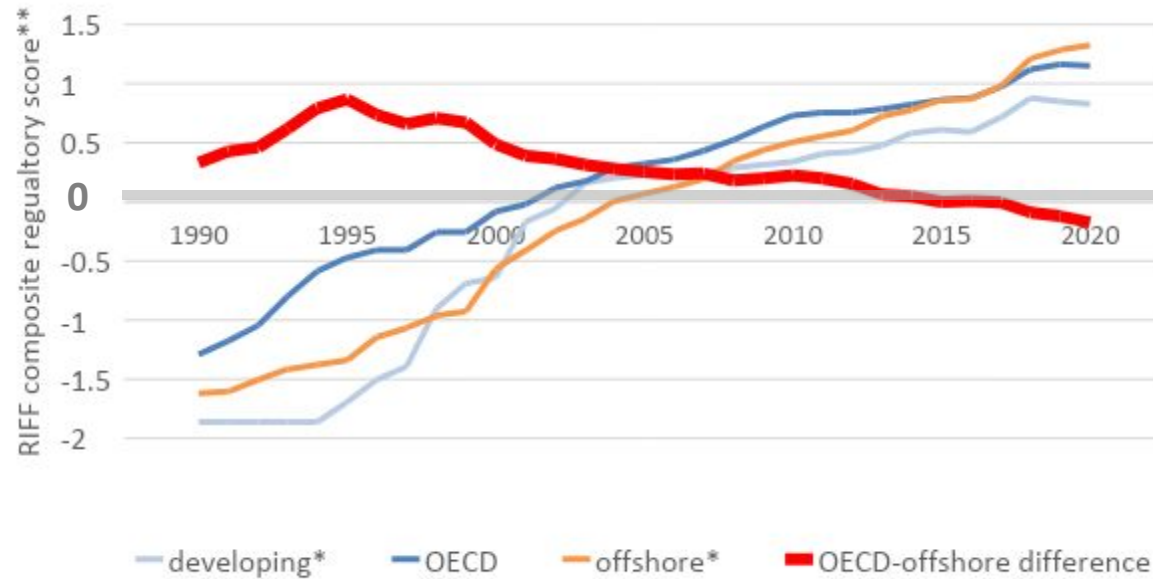


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*Offshore jurisdictions look even better with respect to AML regulatory implementation at the service provider level*



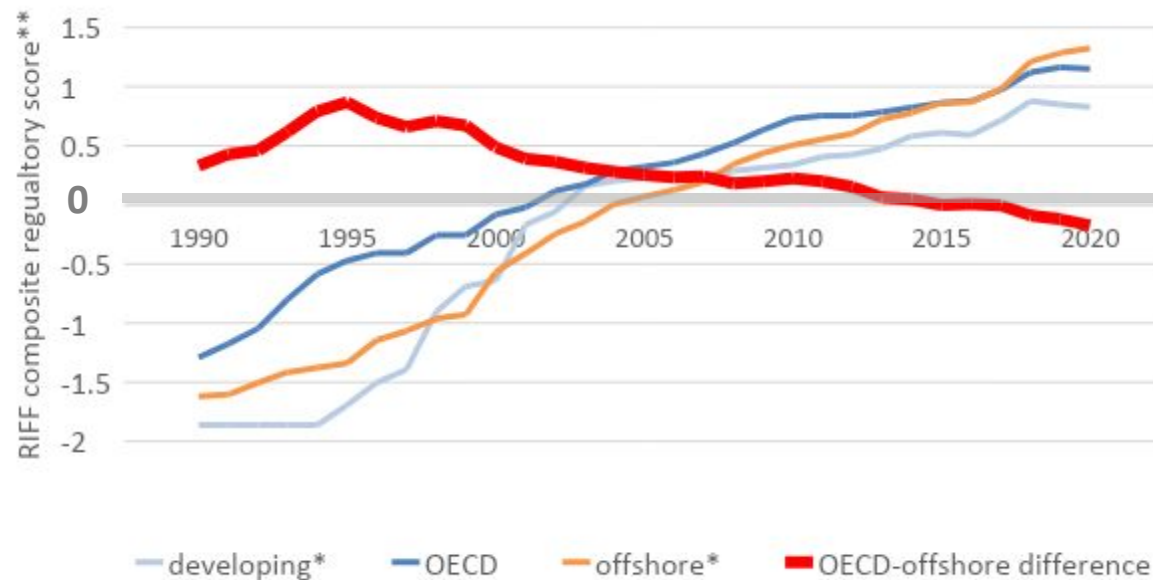
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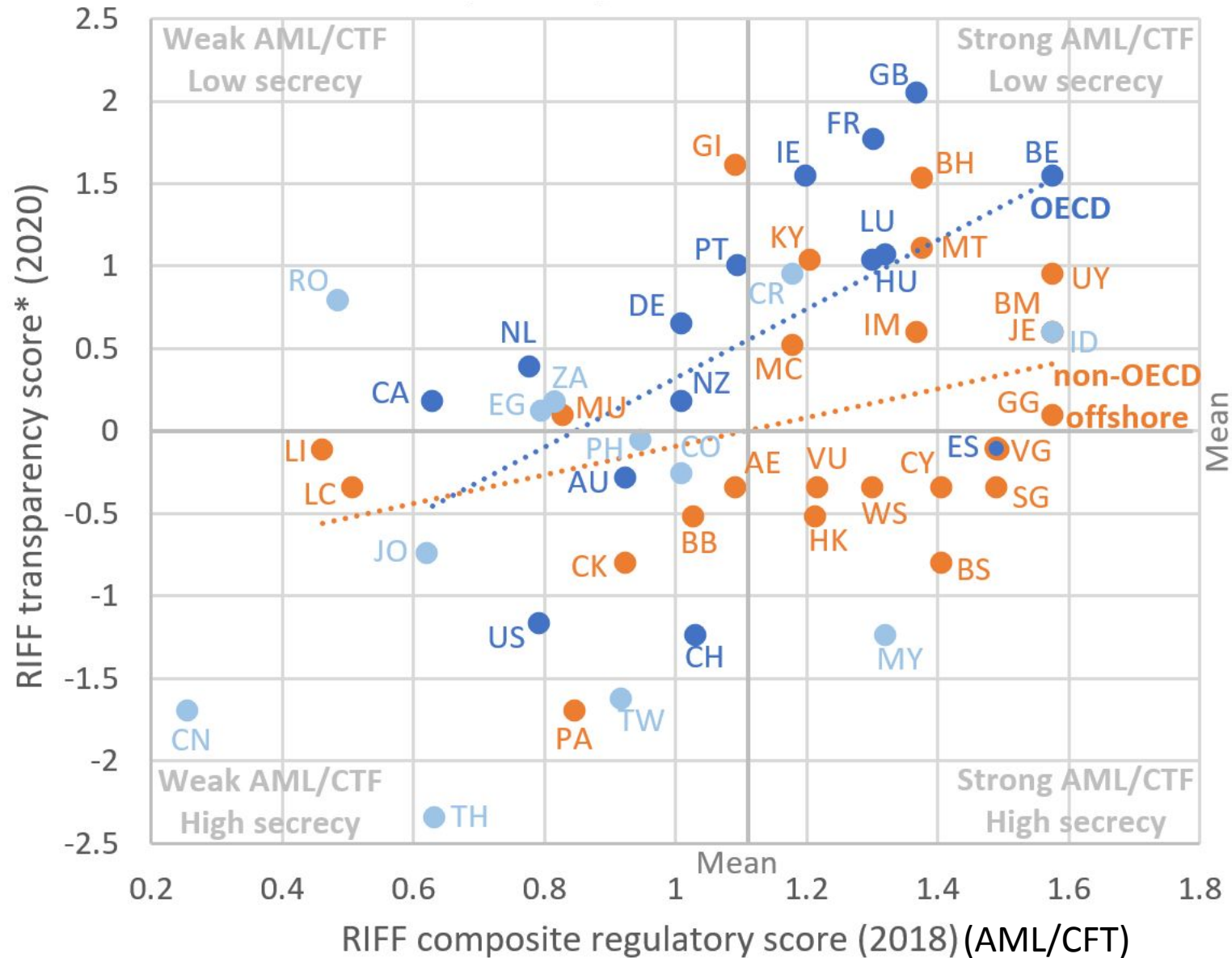
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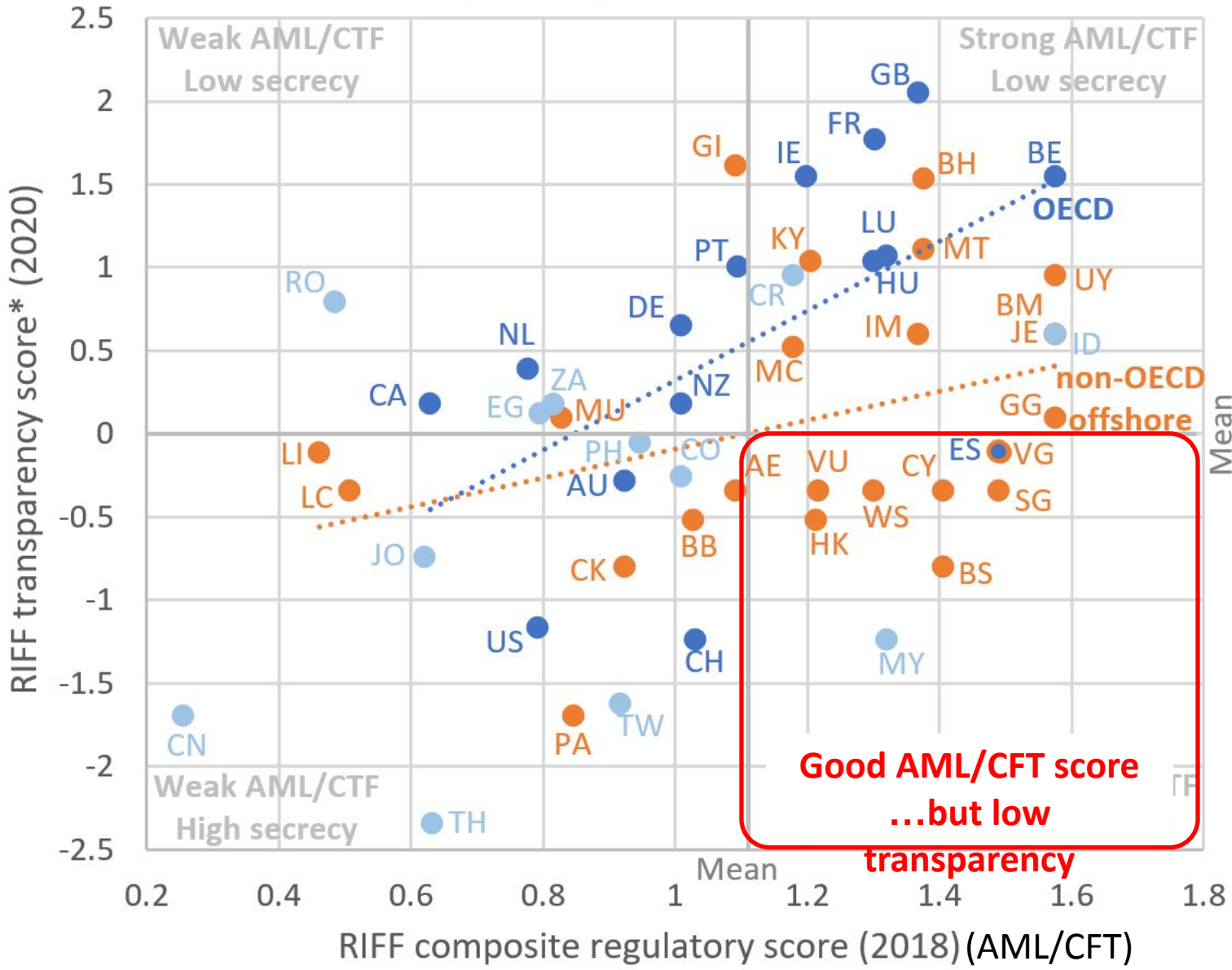
**Offshore-OECD composite  
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*Offshore jurisdictions look even better with respect to AML regulatory implementation at the service provider level  
However, key areas of offshore financial transparency still lag...*

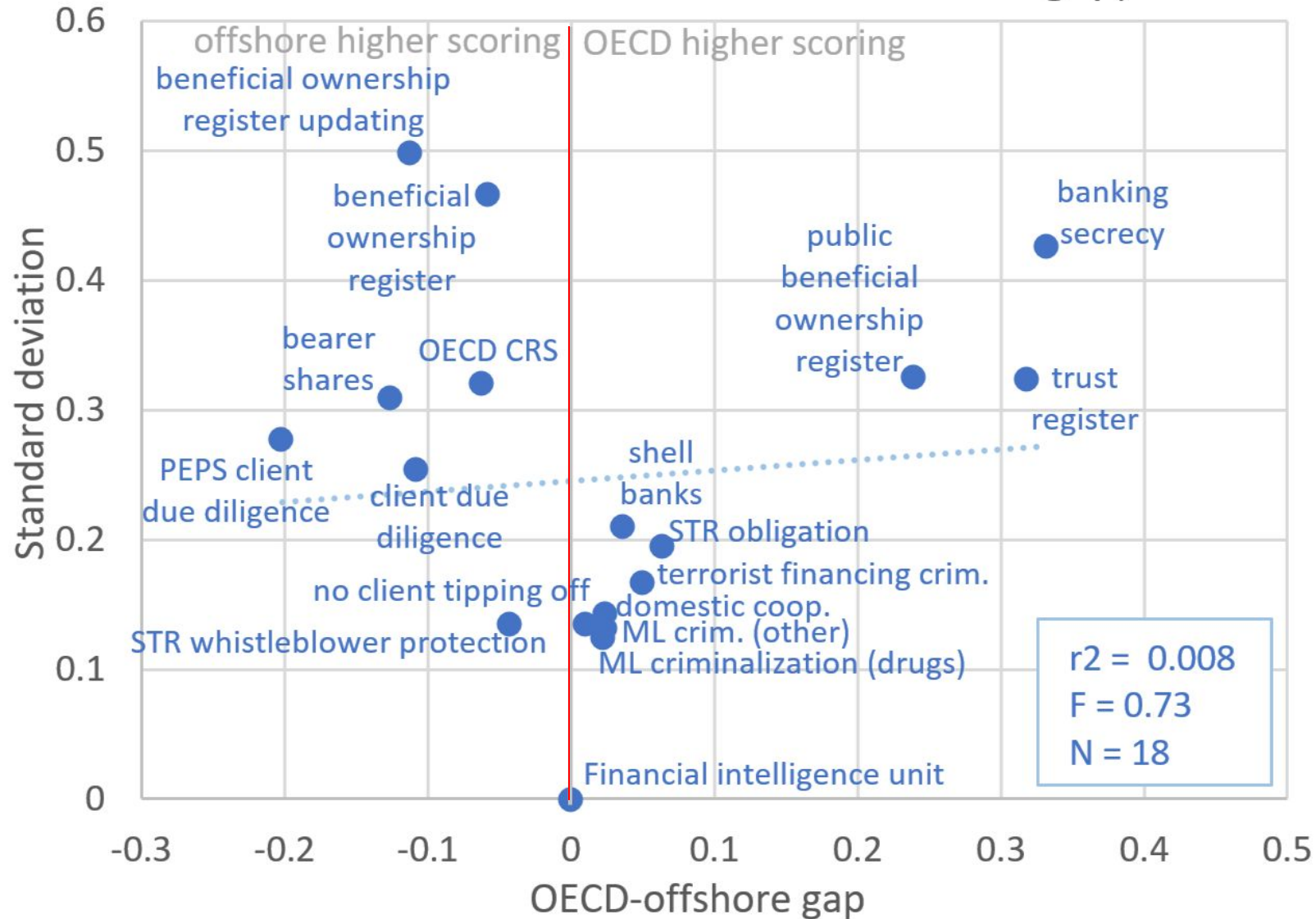
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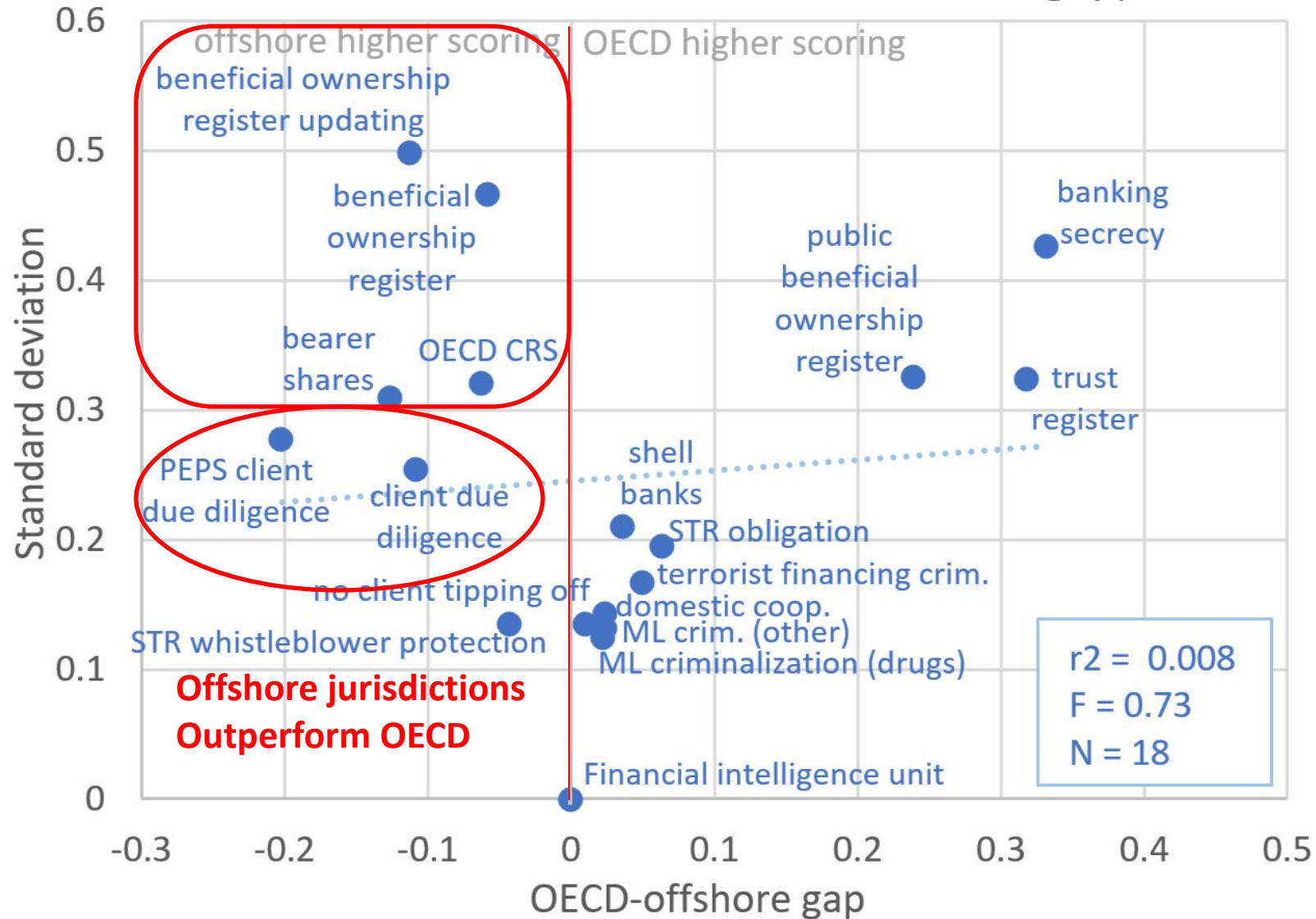


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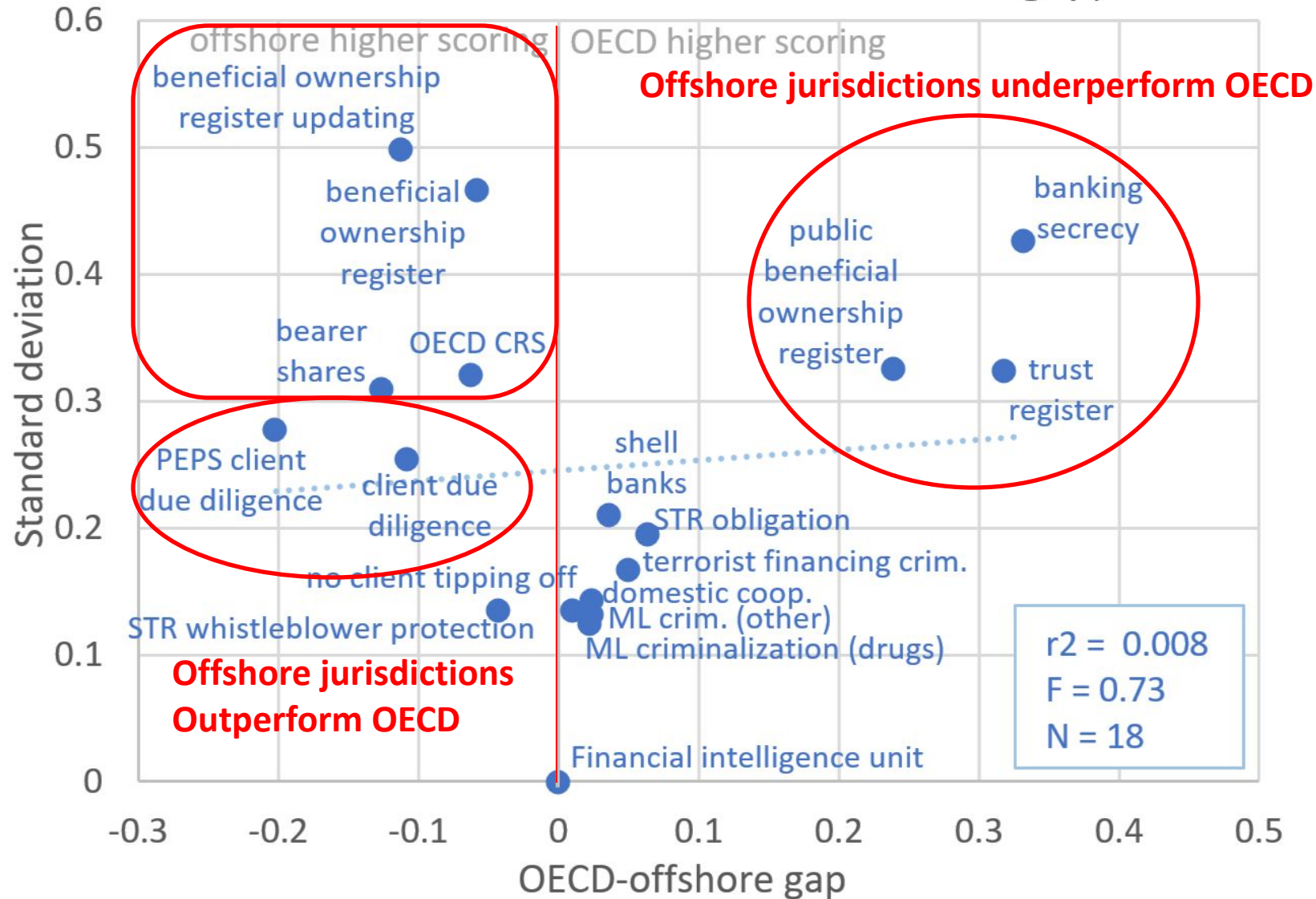




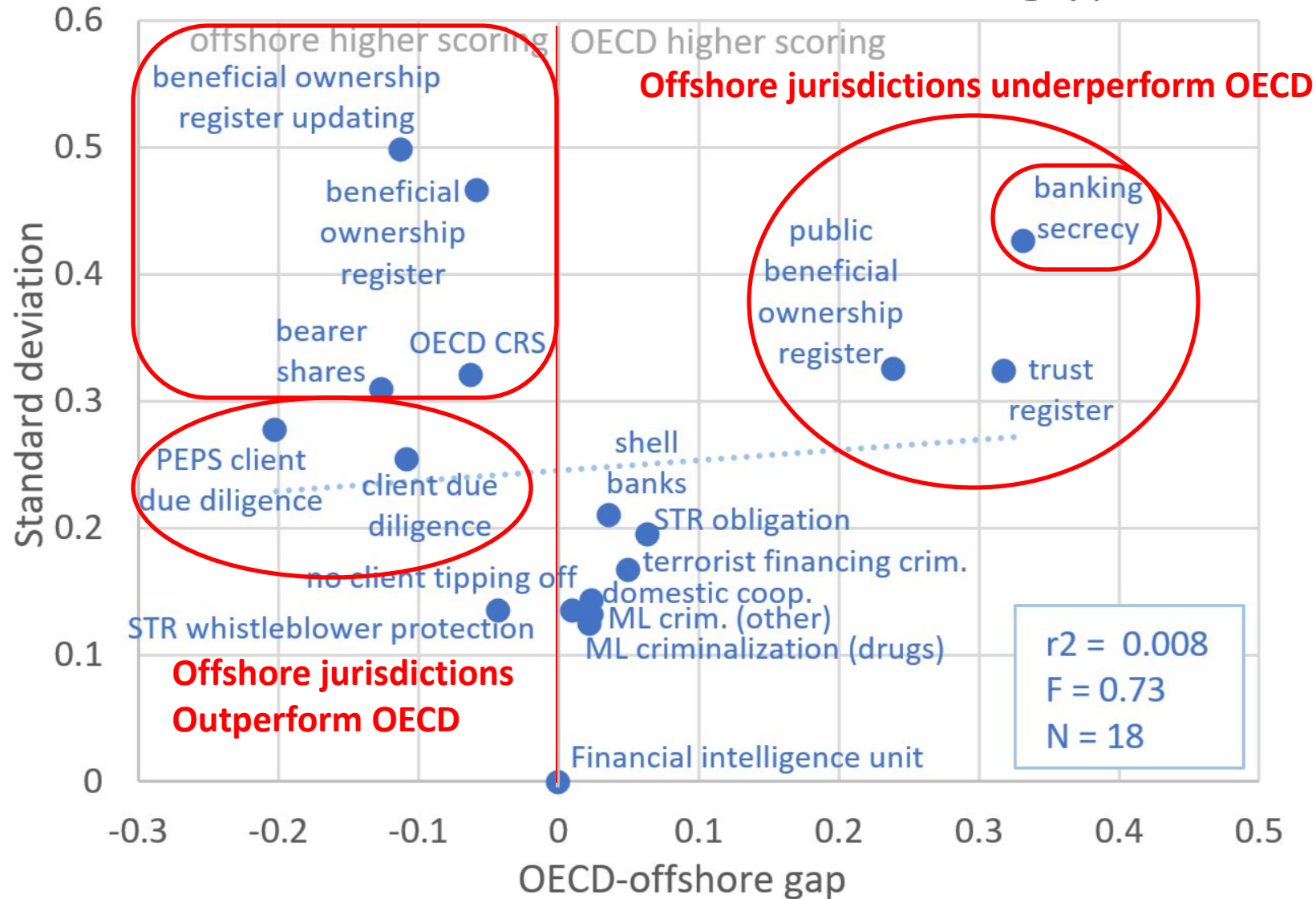
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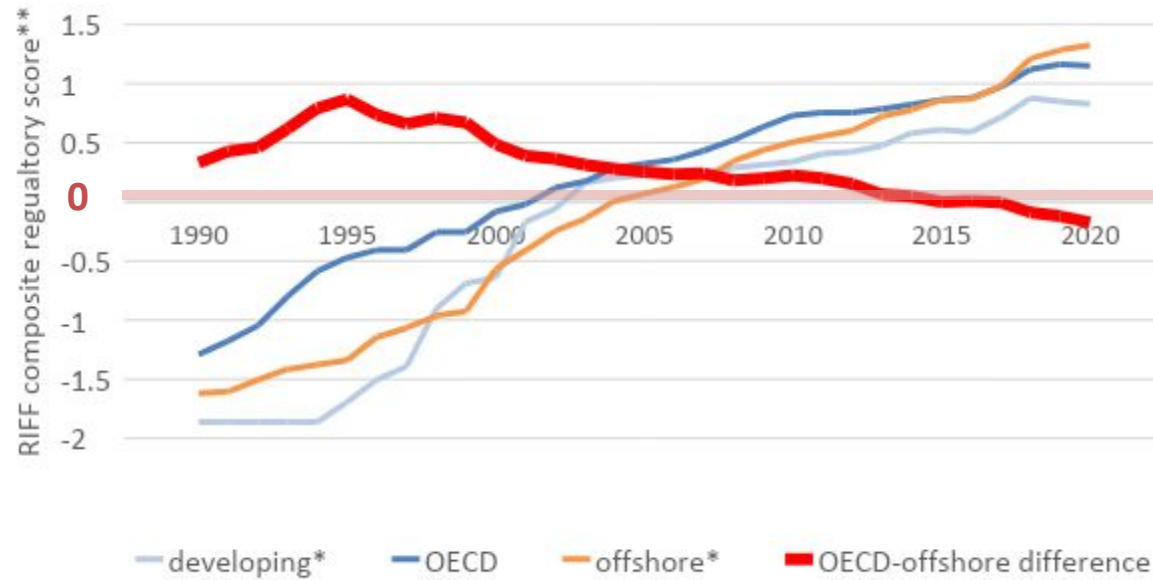
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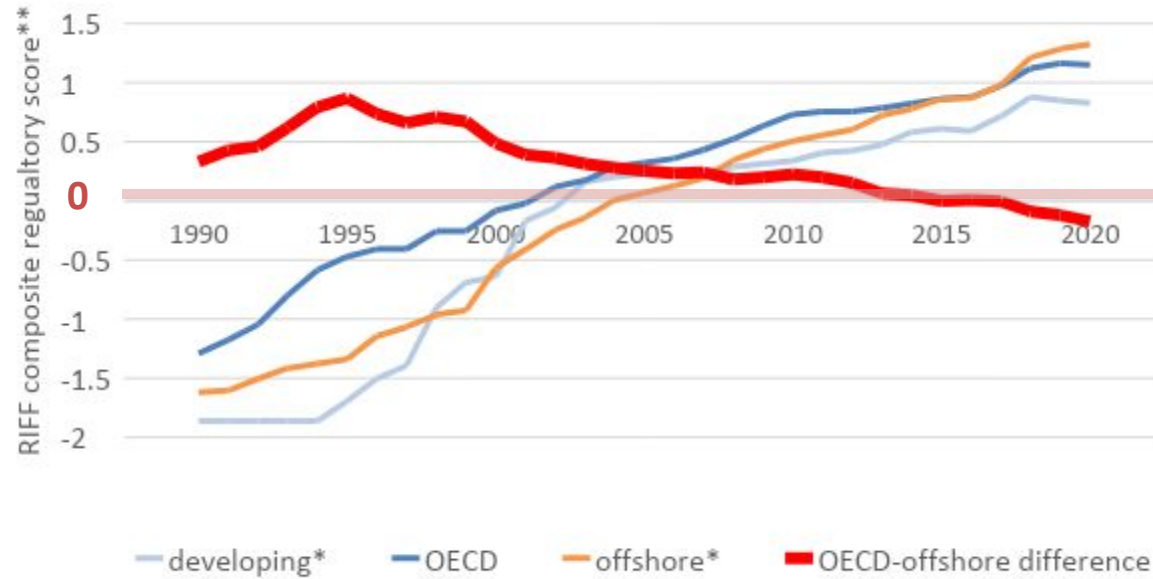


# Offshore-onshore regulatory convergence?

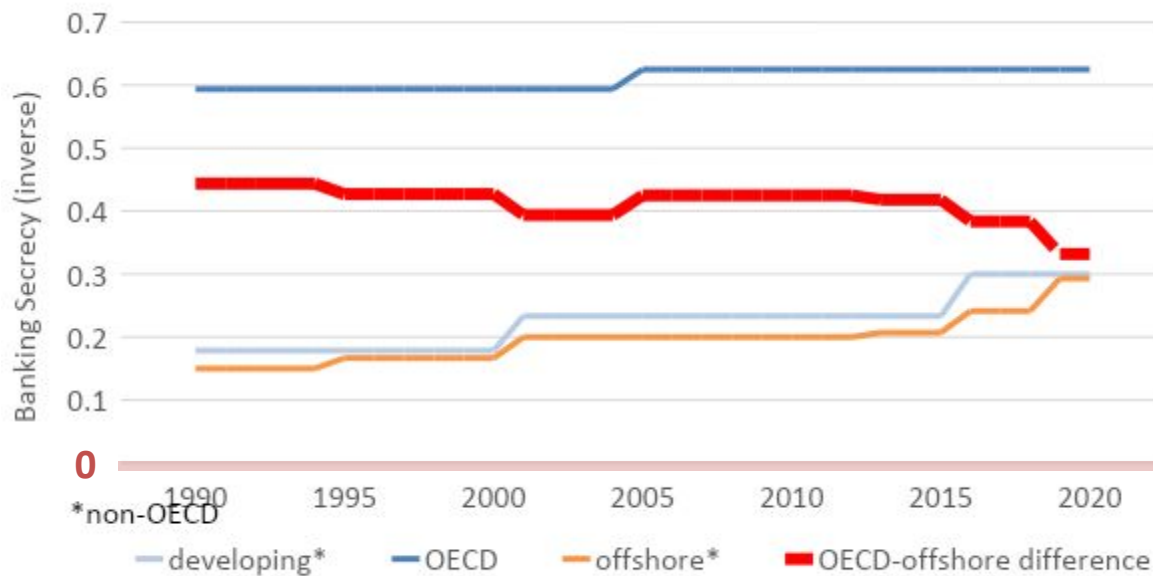


**Offshore-OECD composite  
regulatory gap**

# Offshore-onshore regulatory convergence?



**Offshore-OECD composite regulatory gap**



**Offshore-OECD banking secrecy gap**

1990



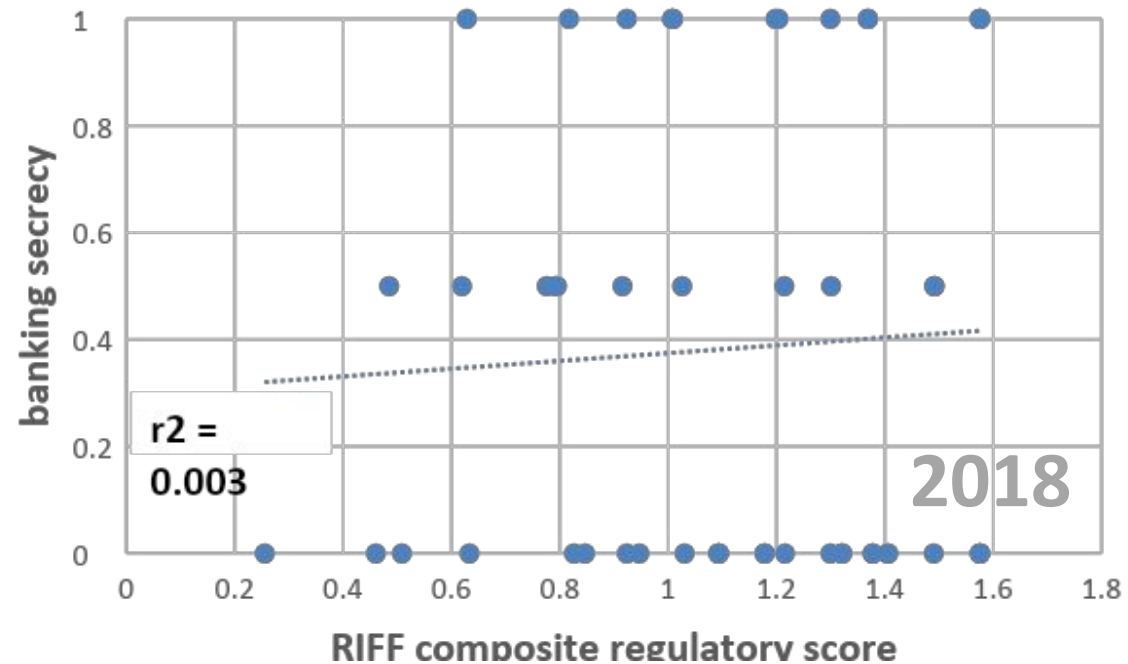
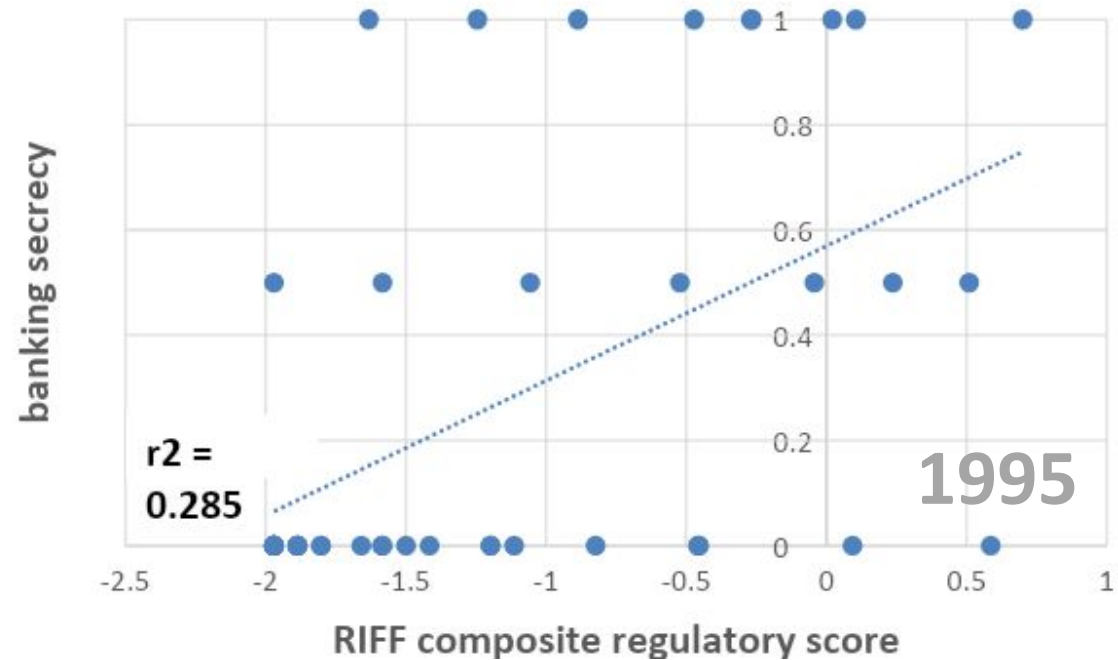
# Banking Secrecy

2018



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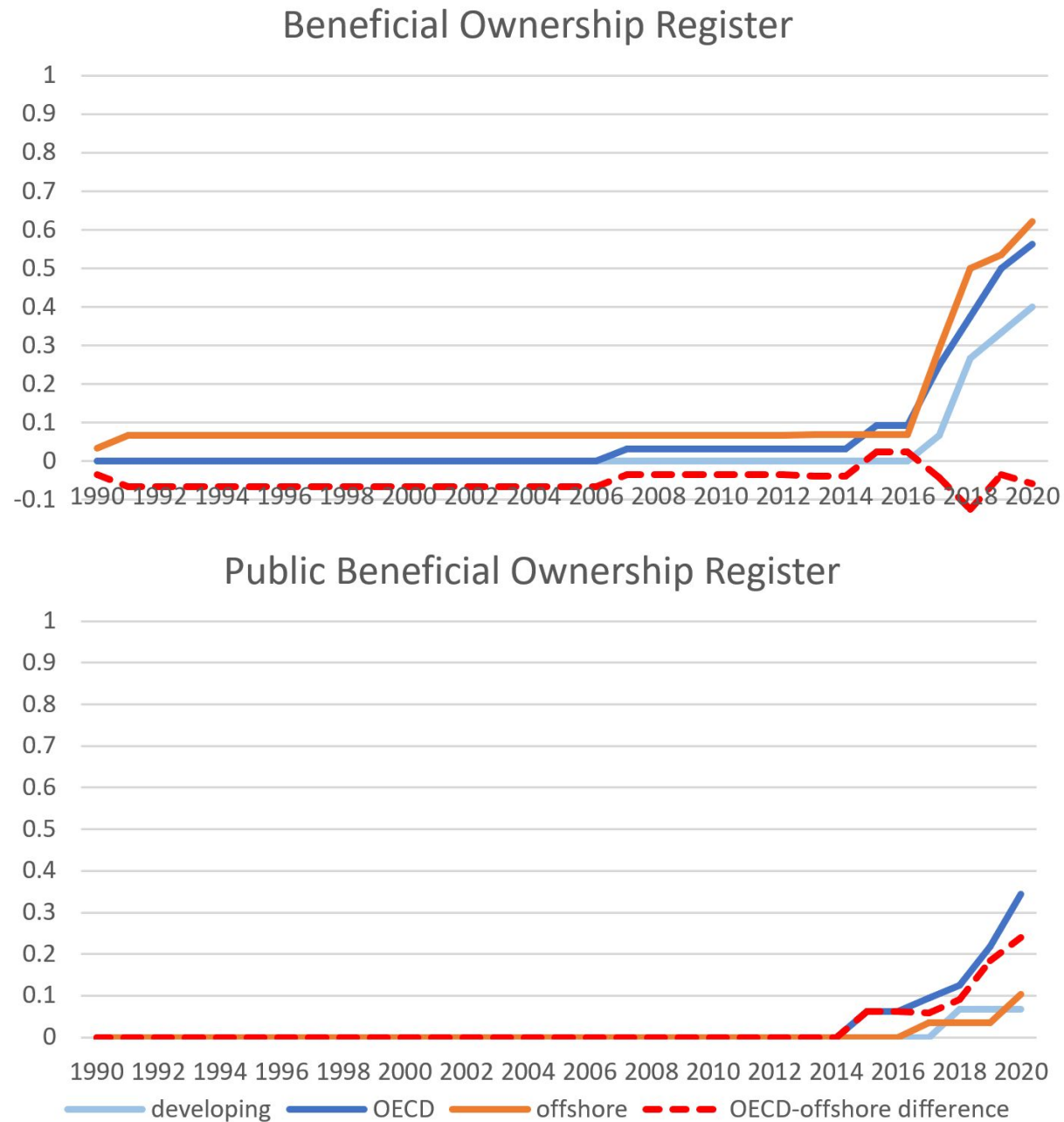
*Decoupling of banking secrecy from broader regulatory landscape...*





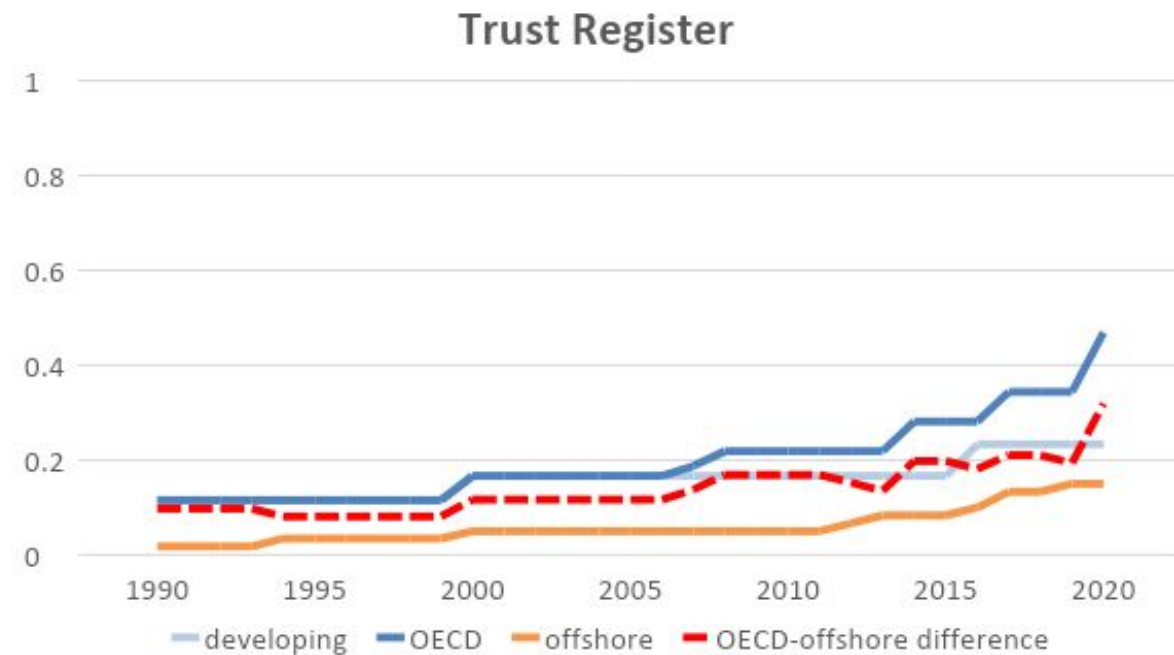
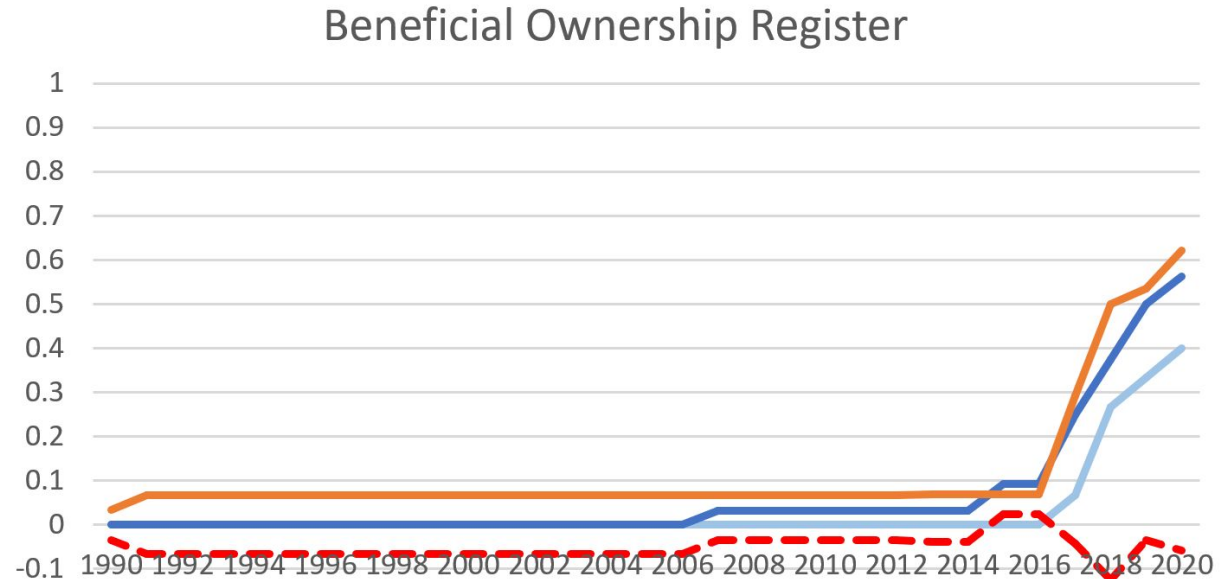
# Offshore-onshore regulatory convergence?

*Also a widening offshore-onshore gap in beneficial ownership register transparency*



# Offshore-onshore regulatory convergence?

*Also a widening offshore-onshore gap in beneficial ownership register transparency ...and scope*



# The significance of financial transparency

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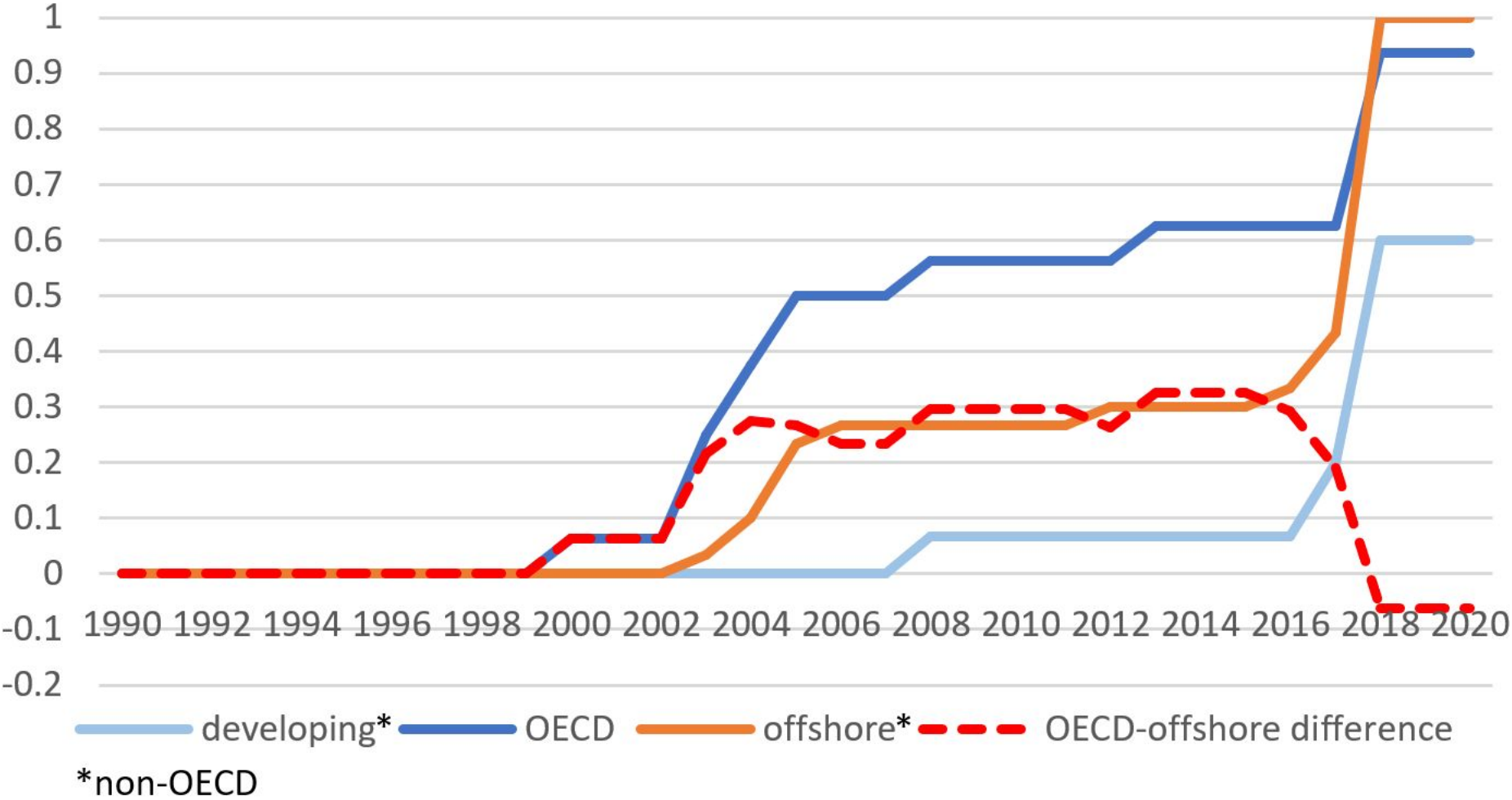
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***However, why does the statutory banking secrecy and beneficial ownership register transparency gap matter?***

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# Auto. Info. Exchange (Savings Directive or CRS)



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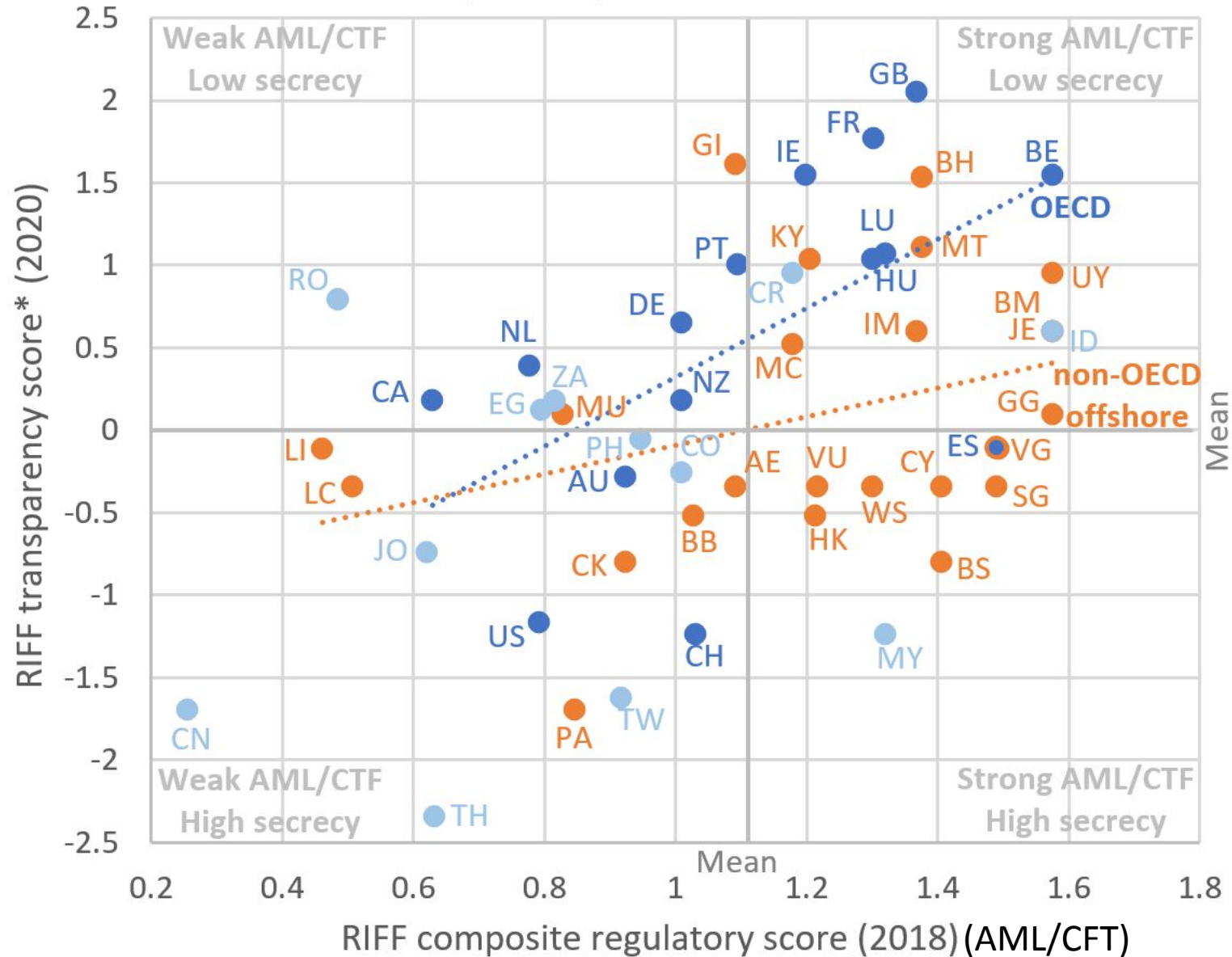
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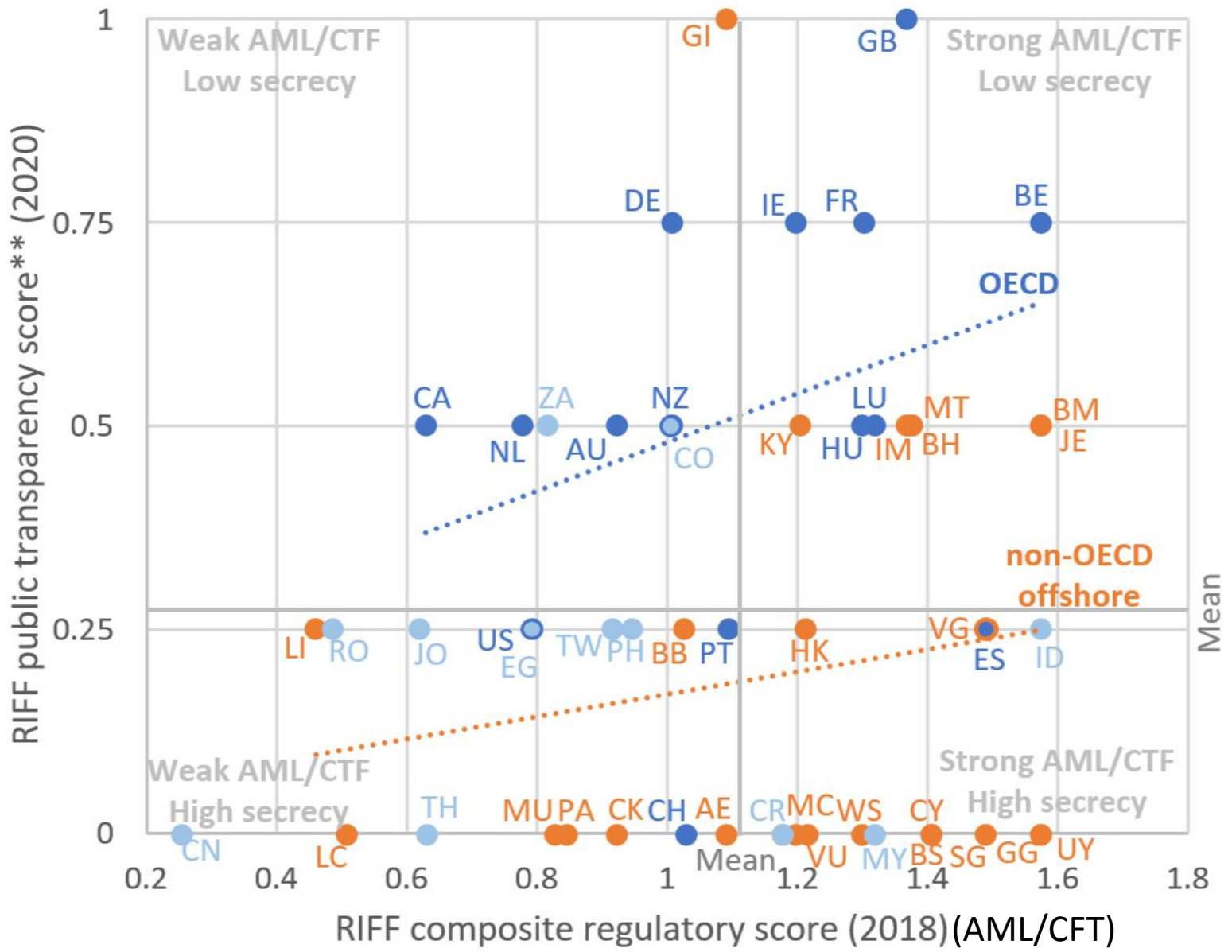
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# AML/CFT regulation versus financial transparency, 2018/2020



# AML/CFT regulation versus public financial transparency, 2018/2020



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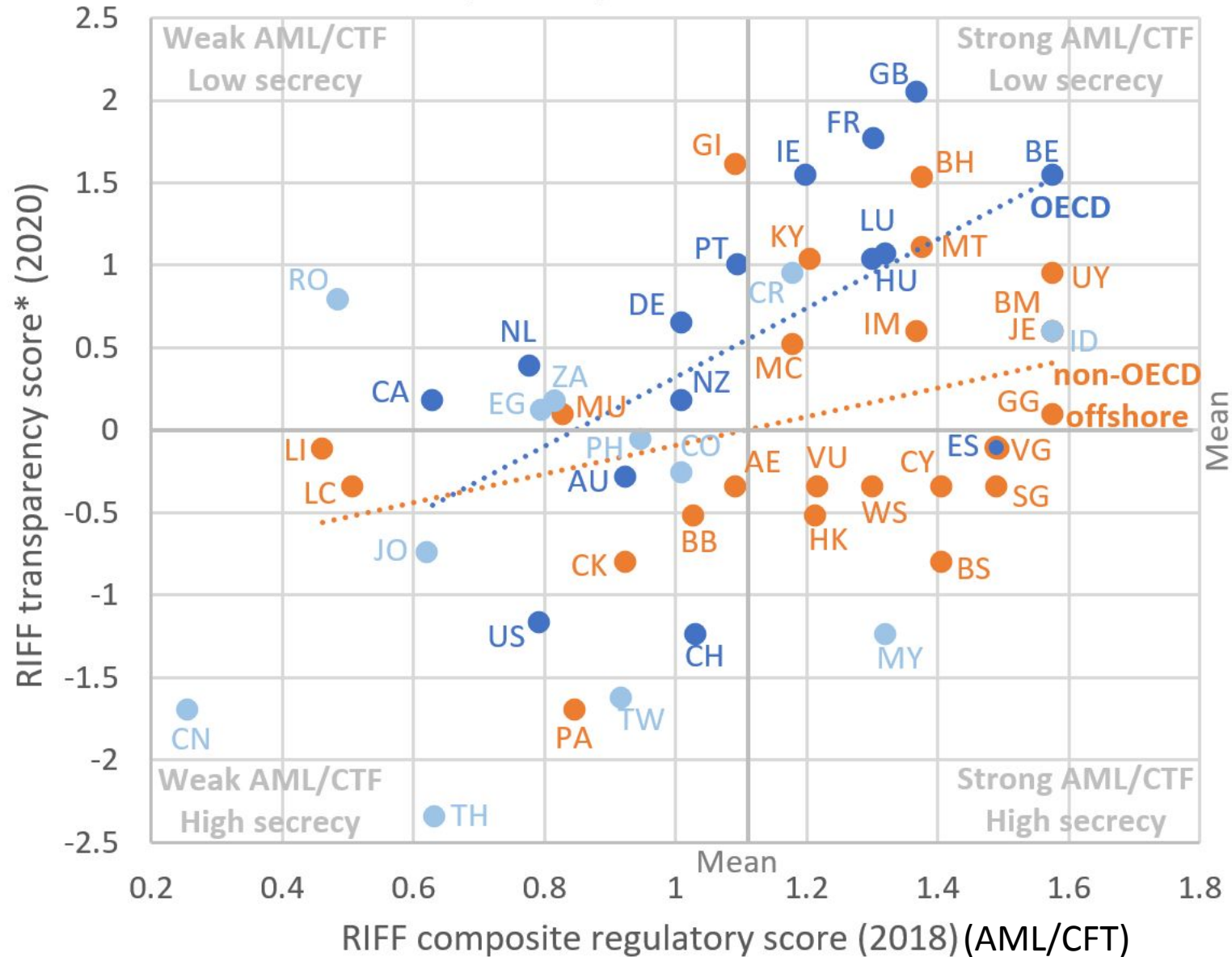
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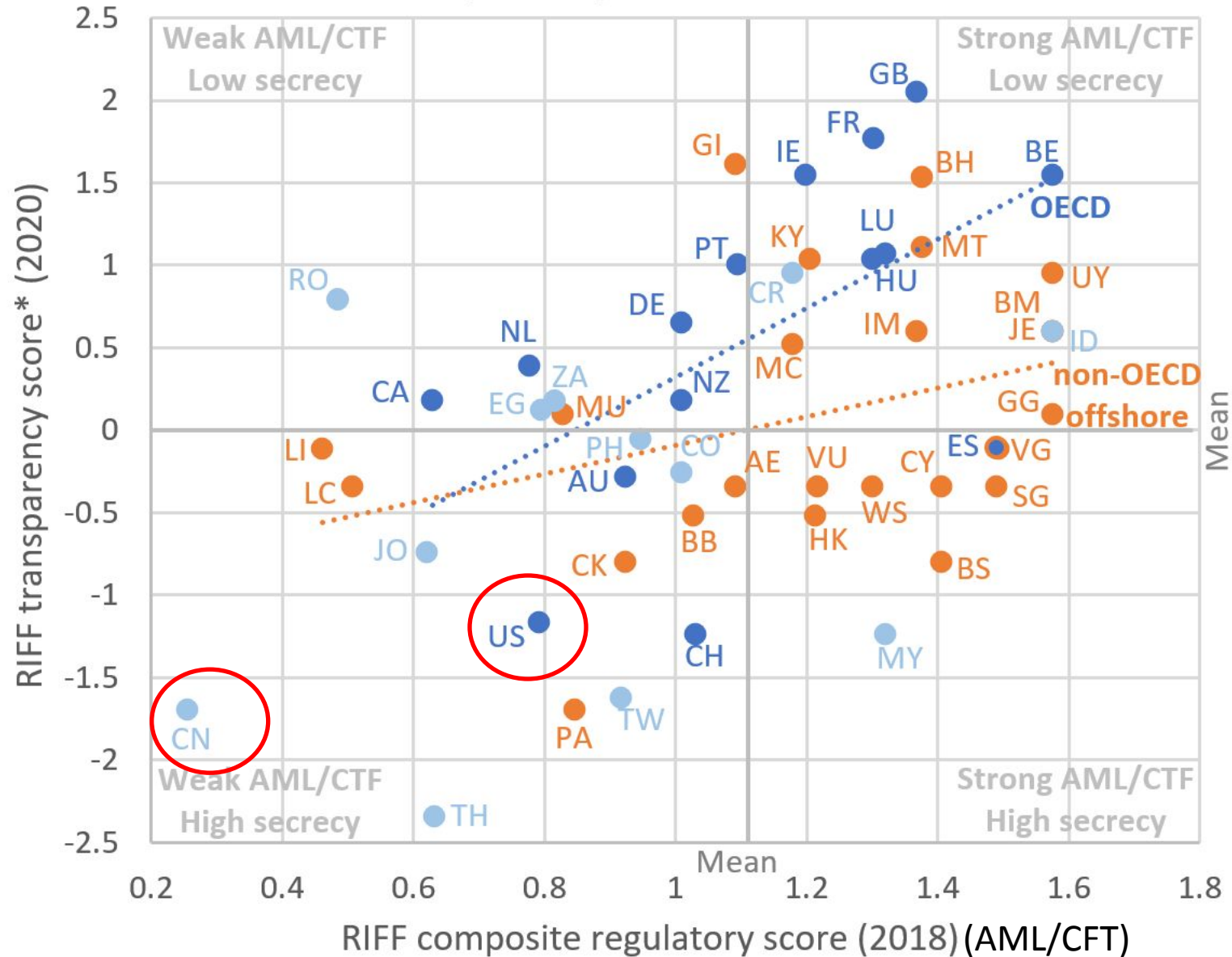
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- **Leadership needs to come from the top**





**Thank  
You!**

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