

SFI Public Discussion Note

Global Financial Regulation, Transparency, and Compliance Index (GFRTCI)



English Version | 2022 Edition

Introduction



Prof. Dr. Alfred Mettler
SFI Adjunct Professor

Financial regulation, transparency, and compliance continue to be major aspects in the analysis of a financial center's reputation and attractiveness. Influential factors in this regard include a country's general political and regulatory environment, its governance structure and efficiency, the scope and quality of the services provided by its financial institutions, the safety of its banks and how strictly they are regulated, and its exposure to corruption, money laundering, and terrorist financing.



Prof. Dr. Steven Ongena
*SFI Senior Chair,
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Financial regulation always comes with costs and benefits. On the one side, in terms of costs, financial institutions will typically have to expand their risk management and compliance departments. Client relationships have to be reassessed and redefined, product offerings have to be reviewed, and transactions have to pass compliance tests. On the other side, stricter financial regulation and enforcement typically benefit individual financial institutions and the financial center alike through reputation improvements, lower funding costs, or less ambiguity within the financial services industry and individual institutions.



Prof. Dr. Christoph Basten
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Against this background, in 2020 SFI introduced and published a new and simple "Global Financial Regulation, Transparency, and Compliance Index (GFRTCI)", which has been very well received within the financial community. The GFRTCI scores and ranks various countries in terms of adoption of, compliance with, and enforcement of a set of global financial regulatory, transparency, and compliance standards. The index is constructed as a "meta-index", based on public data from established existing rankings, indices, and research studies. It can help to identify and understand the strengths and weaknesses of different countries and therefore support the ongoing discussion of the regulatory environment.



Dr. Markus P.H. Bürgi
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This 2022 GFRTCI is based on the same framework, index components, and component weights as the previous two versions (2020 and 2021) and therefore documents the changes that have happened since then. Besides various small adjustments in the scores of most index components, the 2022 GFRTCI shows one significant change: After having been behind schedule for quite some time, the EU has recently made further progress with respect to the implementation of the Basel III framework and is now fully compliant with the current Basel standards. This improvement of EU member countries has affected the final index ranking. Besides Switzerland, all other countries in the top ten are members of the EU.



Dr. Mrinal Mishra
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With its public discussion note series the Swiss Finance Institute actively promotes a well-founded discussion of topics relevant to the financial industry, politics, and academia. Furthermore, SFI disseminates its findings through Research, Publications, Master Classes, and Conferences.

Why a GFRTCI?

Over the last decades financial regulation has become broader, increasingly complex, and more global. On one side are the Basel II, Basel III, and subsequent frameworks, sometimes accompanied by additional national "finishes" (in Switzerland for example the so-called "Swiss Finish"). On the other side, various standards with respect to issues including transparency, corruption, money laundering, and data exchange have been suggested, requested, or introduced.

These rules and standards are usually created (or suggested) by supranational organizations, NGOs, or think tanks, representing various different stakeholders. Individual countries can then adopt them into their national laws. Subject to signed international treaties, individual countries still have some freedom as to if, when, and how they want to implement these rules and standards, and to what extent they want to enforce them.

Various studies regularly document specific components under the umbrella of "Bank Regulation", "Financial Transparency", and "Financial Compliance". For example: The Basel Committee on Banking Supervision (BCBS) supervises the implementation of the Basel standards on a regular basis. The Organisation for Economic Cooperation and Development (OECD) publishes an EOIR (Exchange of Information on Request) rating. Transparency International calculates a

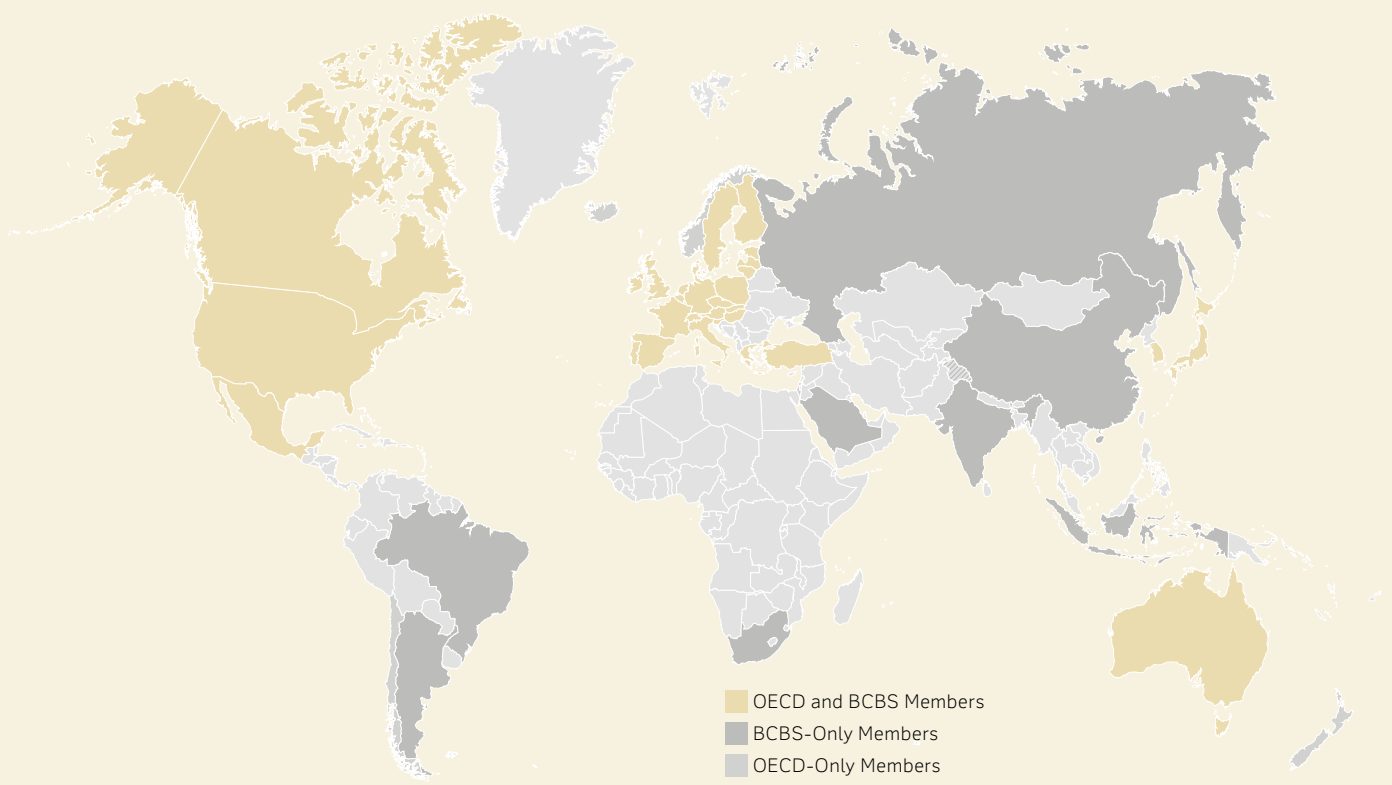
"Corruption Perception Index". The Basel Institute on Governance assesses the risk of money laundering and terrorist financing with its Basel AML index.

On an index-level the semiannually published "Global Financial Centres Index" (GFCI) evaluates different financial centers. It is based on instrumental factors and responses to an online questionnaire. The focus is on individual cities ("Financial Centres") and their relative competitiveness, rather than on countries and their regulatory environment.

The GFRTC index aggregates several well-known and accepted ratings and indices into a simple, understandable, holistic, and transparent metric, which then allows to rank countries according to their overall standing in terms of financial regulation, transparency, and compliance. The index is based on publicly available and established data, classifications, and rankings. The institutions behind these rankings are credible and publish their findings on a regular basis (annual or semiannual).

The index also helps to understand the sources of the index score and can therefore give guidance to policymakers in terms of improving on deficiencies in specific areas.

It is planned to continue to update the index on an annual basis.



Countries Included in the GFRTCI

In this third edition the framework underlying the GFRTCI remains the same as in 2020 and 2021. It analyzes and ranks countries which are members of the OECD, and at the same time are also members of the Basel Committee on Banking Supervision (BCBS), the primary global standard setter for the prudential regulation of banks.

Some EU countries are direct members of the BCBS (Belgium, France, Germany, Italy, Luxembourg, Netherlands, Spain, and Sweden); the other EU countries are represented by the European Union's membership.

The 31 joint member countries are listed below:

OECD-Only Members	OECD and BCBS Members	BCBS-Only Members
Chile (CL)	Australia (AU)	Argentina (AR)
Iceland (IS)	Austria (EU)	Brazil (BR)
Israel (IL)	Belgium (EU)	China (CN)
New Zealand (NZ)	Canada (CA)	Hong Kong SAR (HK)
Norway (NO)	Czech Republic (EU)	India (IN)
	Denmark (EU)	Indonesia (ID)
	Estonia (EU)	Russia (RU)
	Finland (EU)	Saudi Arabia (SA)
	France (EU)	Singapore (SG)
	Germany (EU)	South Africa (ZA)
	Greece (EU)	
	Hungary (EU)	
	Ireland (EU)	
	Italy (EU)	
	Japan (JP)	
	Latvia (EU)	
	Lithuania (EU)	
	Luxembourg (EU)	
	Mexico (MX)	
	Netherlands (EU)	
	Poland (EU)	
	Portugal (EU)	
	Slovak Republic (EU)	
	Slovenia (EU)	
	South Korea (KR)	
	Spain (EU)	
	Sweden (EU)	
	Switzerland (CH)	
	Turkey (TR)	
	United Kingdom (UK)	
	USA (US)	



GFRTCI Components

The 31 joint members of the OECD as well as the BCBS are assessed by the following seven ratings and indices: Three components which measure the degree of implementation of various regulations, and four components which quantify the political environment and the enforcement of regulations in general. The cut-off date for the data collection was December 31st, 2021.

A. Degree of Regulation Implementation

The following three components measure the degree of implementation of banking regulation, analyze the standards with respect to the exchange of information on request, and assess the risk of money laundering and terrorist financing. They define the first part of the GFRTCI:

• BCBS progress reports on the adoption of the Basel regulatory framework:

The Basel Committee on Banking Supervision (BCBS) regularly publishes progress reports on the adoption of the Basel regulatory framework. The most recent progress report was released in October 2021. It lists 19 different standards in seven different categories with an implementation deadline of January 2019 or earlier.

The categories and standards, and corresponding implementation status, are as follows:

Table 1: BCBS Implementation (October 2021 Report)

Basel Standards		Deadline	AR	AU	BR	CA	CN	HK	IN	ID	JP	KR	MX	RU	SA	SG	ZA	CH	TR	UK	US	EU	
Capital	Countercyclical capital buffer	Jan 2016	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	
	Margin requirements for non-centrally cleared derivatives	Sep 2016	1	4	4	4	1	4	2	2	4	3	2	2	4	4	4	4	1	4	4	4	4
	Capital requirements for CCPs	Jan 2017	4	4	4	4	1	4	3	2	4	4	1	2	4	4	4	4	2	3	3	4	4
	Capital requirements for equity investments in funds	Jan 2017	4	4	4	4	1	2	na	na	4	4	*	4	4	4	4	4	4	3	1	4	4
	SA-CCR	Jan 2017	4	4	4	4	4	4	3	4	4	4	1	4	4	4	4	4	2	3	3	4	4
	Securitisation framework	Jan 2018	4	4	4	4	1	4	4	4	4	4	1	4	4	4	2	4	1	4	1	4	4
	TLAC holdings	Jan 2019	na	4	4	4	2	4	1	na	4	1	4	4	4	4	4	2	4	1	4	4	4
Leverage Ratio	Existing (2014) exposure definition	Jan 2018	4	1	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
SIB	G-SIB requirements	Jan 2016	na	4	4	4	4	4	na	na	4	na	na	na	na	4	na	4	na	*	4	4	4
	D-SIB requirements	Jan 2016	4	4	4	4	*	4	4	4	4	4	4	4	4	4	4	4	4	4	na	4	4
IRRBB	Interest rate risk in the banking book (IRRBB)	2018	4	2	4	4	4	4	2	4	4	4	*	2	4	4	2	4	1	3	4	4	4
Liquidity	Monitoring tools for intraday liquidity management	Jan 2015	4	4	4	3	1	4	4	4	1	1	na	4	4	4	4	4	4	4	4	4	4
	Net Stable Funding Ratio (NSFR)	Jan 2018	4	4	4	4	4	4	3	4	3	4	3	4	4	4	4	4	2	3	4	4	4
Large Exposures	Supervisory framework for measuring and controlling large exposures	Jan 2019	4	4	4	4	4	4	4	4	4	2	2	2	4	4	2	4	2	3	4	4	4
Disclosure	Revised pillar 3 requirements (published 2015)	Dec 2016	4	1	4	4	1	4	1	*	4	4	*	4	4	4	4	4	4	*	1	4	4
	CCyB, Liquidity, Remuneration, Leverage ratio (revised)	Dec 2017	4	1	4	*	*	4	1	*	4	4	*	4	4	4	4	4	*	*	4	4	4
	Key metrics, IRRBB, NSFR	Jan 2018	4	*	4	*	*	4	*	*	*	4	*	*	4	*	*	4	*	3	*	4	4
	Composition of capital, RWA overview, Prudential valuation adjustments, G-SIB indicators	Dec 2018	4	1	4	*	1	4	*	*	*	4	1	4	4	4	4	*	4	1	4	4	4
	TLAC	Jan 2019	na	na	1	4	1	4	na	na	4	3	4	na	4	na	na	4	na	4	4	4	4

The BCBS assigns number codes to each of the 19 standards as follows: **1** = draft regulation not published; **2** = draft regulation published; **3** = final rule published (not yet implemented by banks); and **4** = final rule in force (published and implemented by banks). Table 1 shows the BCBS implementation status (per the October 2021 report). <https://www.bis.org/bcbs/publ/d525.htm>

- **Exchange of Information on Request (EOIR) Rating:**

This peer-review based rating, published by the OECD's Global Forum on Transparency and Exchange of Information for Tax Purposes, assesses the standard of exchange of information on request and rates the jurisdictions' compliance with the international standard of transparency and exchange of information on request. Four ratings can be allocated to a jurisdiction: Compliant (4), largely compliant (3), partially compliant (2), and non-compliant (1). Data as of November 2021; rating is continuously updated.

<http://www.oecd.org/tax/transparency/exchange-of-information-on-request/ratings/>

- **Basel Anti-Money-Laundering Index (BA AML):**

assesses the risk of money laundering and terrorist financing. It provides an overall risk score based on 15 indicators of countries' adherence to anti-money laundering and anti-terrorism financing regulations, levels of corruption, financial standards, political disclosure, and the rule of law. The index ranges from approximately 2-9, where a lower score stands for a lower risk. Data as of July 2021.

<https://index.baselgovernance.org>

B. Political Environment and Enforcement of Regulations in General

The following four components measure aspects of the political environment and the enforcement of regulations in a broad context. These four components define the second part of the GFRTCI:

- **The Economist Intelligence Unit's Democracy Index (EIU DI):**

This index rates countries by 60 indicators across five broad categories: Electoral process and pluralism, the functioning of government, political participation, democratic political culture, and civil liberties. The index ranges from 0-10, where 0-4 stand for authoritarian regimes, 4-6 for hybrid regimes, 6-8 for flawed democracies, and 8-10 for full democracies. Data as of 2020.

<https://www.eiu.com/topic/democracy-index>

- **Corruption Perception Index (CPI):**

This index, published by Transparency International, ranks countries by their perceived levels of public sector corruption according to experts and businesspeople. On a scale from 0 to 100 an index of 0 is highly corrupt and an index of 100 is very clean. Data as of 2020.

<https://www.transparency.org/en/cpi/2020>

- **Heritage Foundation Business Freedom Index (HF BF):**

This index is a sub-index of the Heritage Foundation's Economic Freedom Index. The Heritage Foundation defines Business Freedom as "an overall indicator of the efficiency of government regulation of business." Scores are based on a 0-100 scale. 0 = no business freedom, 100 = total business freedom. Data as of 2021.

<https://www.heritage.org/index/>

- **Heritage Foundation Judicial Effectiveness Index (HF JE):**

This index is a sub-index of the Heritage Foundation's Economic Freedom Index. The Heritage Foundation defines Judicial Effectiveness as "an essential component of the rule of law which requires efficient and fair judicial systems to ensure that laws are fully respected, with appropriate legal actions taken against violations." Scores are based on a 0-100 scale. 0 = no judicial effectiveness, 100 = total judicial effectiveness. Data as of 2021.

<https://www.heritage.org/index/>

GFRTCI Data and Adjustments

In a first step the scales of the seven different GFRTCI components are adjusted to a scale of 0 ... 100. The original scale and the adjustments are as follows:

- **Basel Committee on Banking Supervision (BCBS) progress report:**
 - The BCBS quantifies each of the 19 standards as either 1, 2, 3, or 4
 - The scores have been added for all the 19 standards, which results in a raw score between 19 ... 76
 - The raw score has been normalized to a scale from 0 ... 100
- **Exchange of Information on Request (EOIR) Rating:**
 - The EOIR quantifies each country as either 1, 2, 3, or 4
 - The EOIR score has been normalized to a scale from 0 ... 100
- **Basel AML Index (BA AML):**
 - The AML quantifies each country on a scale between 2 ... 9
 - The AML score has first been normalized to a scale from 0 ... 100
 - The normalized score has then been reversed (100-x) to make sure that a higher score stands for a lower risk
- **EIU's Democracy Index (EIU DI):**
 - The EIU DI quantifies each country on a scale between 0 ... 10
 - The EIU DI score has been normalized to a scale from 0 ... 100
- **Corruption Perception Index (CPI):**
 - The CPI quantifies each country on a scale between 0 ... 100
 - No adjustment needed for the CPI score
- **Heritage Foundation Business Freedom Index (HF BF):**
 - The HF BF quantifies each country on a scale between 0 ... 100
 - No adjustment needed for the HF BF score
- **Heritage Foundation Judicial Effectiveness (HF JE):**
 - The HF JE quantifies each country on a scale between 0 ... 100
 - No adjustment needed for the HF JE score

Table 2: Shows the 2022 raw data for the seven components, plus averages and standard deviations for 2020 – 2022.

List of Countries	BCBS	EOIR	BA AML	EIU DI	CPI	HF BF	HF JE
Australia	54	3	3.74	8.96	77	87.4	90.0
Austria	76	3	4.44	8.16	76	72.6	83.5
Belgium	76	3	3.95	7.51	76	80.1	70.2
Canada	69	3	4.58	9.24	77	81.4	73.3
Czech Republic	76	3	4.27	7.67	54	68.8	56.8
Denmark	76	3	3.46	9.15	88	88.8	86.9
Estonia	76	4	2.34	7.84	75	72.7	80.8
Finland	76	4	3.03	9.20	85	85.8	82.2
France	76	4	3.97	7.99	69	80.2	69.2
Germany	76	3	4.42	8.67	80	82.4	69.8
Greece	76	3	3.65	7.39	50	75.8	53.5
Hungary	76	3	5.04	6.56	44	59.9	52.4
Ireland	76	4	4.44	9.05	72	81.5	72.4
Italy	76	4	4.54	7.74	53	68.1	62.4
Japan	69	3	4.98	8.13	74	85.9	75.5
Korea (South)	62	3	4.62	8.01	61	89.5	63.4
Latvia	76	3	4.55	7.24	57	76.5	55.9
Lithuania	76	4	3.46	7.13	60	73.1	68.7
Luxembourg	76	3	4.77	8.68	80	66.1	77.6
Mexico	41	4	5.09	6.07	31	65.6	35.9
Netherlands	76	3	4.56	8.96	82	80.5	72.8
Poland	76	3	4.34	6.85	56	61.6	48.9
Portugal	76	3	3.84	7.90	61	75.9	68.5
Slovak Republic	76	3	4.30	6.97	49	55.6	44.4
Slovenia	76	4	3.29	7.54	60	78.8	56.3
Spain	76	3	3.58	8.12	62	66.3	65.4
Sweden	76	4	3.34	9.26	85	83.2	79.1
Switzerland	76	3	4.89	8.83	85	73.6	82.2
Turkey	41	2	5.67	4.48	40	68.5	58.6
United Kingdom	66	3	4.04	8.54	77	94.4	76.7
United States	60	3	4.60	7.92	67	82.5	72.4
Average 2022	71	3.3	4.19	7.93	66.5	76.2	67.9
Std Dev 2022	9.83	0.51	0.70	1.06	14.74	9.41	12.98
Average 2021	63	3.3	4.19	7.98	66.5	76.3	64.5
Std Dev 2021	8.34	0.51	0.71	1.12	14.96	9.31	14.79
Average 2020	46	3.4	4.41	7.96	66.9	77.6	63.5
Std Dev 2020	7.82	0.49	0.68	1.08	15.16	8.81	15.22

GFRTCI Calculation

One of the central aspects of an index are the weights which go into the calculation. Two different approaches have been used. First, the index has been calculated based on assumed weights. Second, in a sensitivity analysis the seven index components have been assigned weights in 5% increments from 0%, 5%, 10%, ..., 95%, 100%, with the restriction that the sum of the weights adds up to 100%. For all possible scenarios all country scores have been calculated and a country ranking has been established. By counting the frequency of how often a specific country was ranked as #1, the sensitivity analysis allowed to establish a list of the top scoring countries based on a wide range of component weights.

A. Weights, Scores, and Ranks

For subindex A (degree of regulation implementation), the component weights have been set as follows: BCBS = 60%; EOIR = 20%; BA AML = 20%. The BCBS component is given a higher weight based on the high number of subcomponents included in the BCBS progress reports (7 categories and 19 standards).

For subindex B (political environment and enforcement of regulations in general) the four index components have been equally weighted with 25% each.

For the final index calculation, the two subindices A and B have been combined by calculating an arithmetic average.

Table 3 shows the final index calculation as well as the final rankings.

Table 3: Country Rankings Based on Subindex A, Subindex B, and Combined GFRTCI

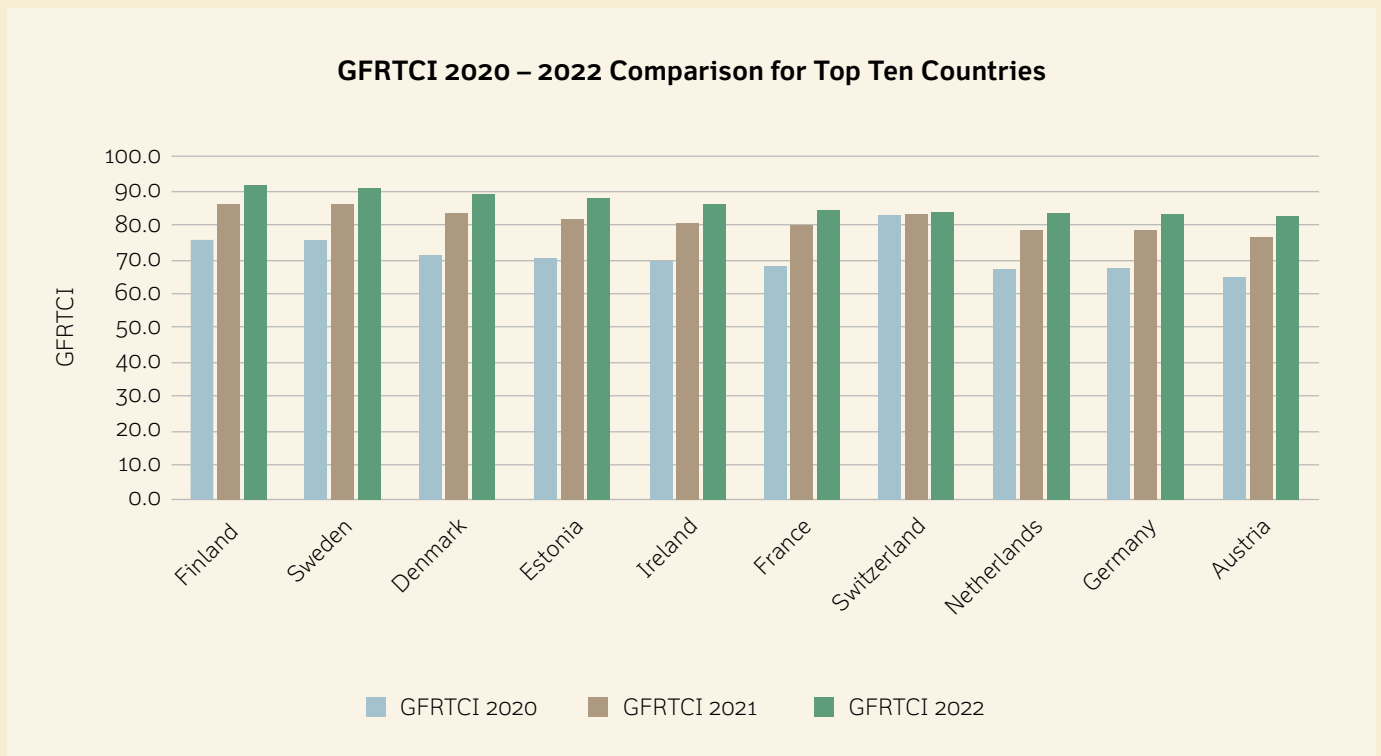
Rank / Country	Subindex A	Rank / Country	Subindex B	Rank / Country	Subindex A	Subindex B	GFRTCI	Rank 2021	Change 2021 to 2022
1 Estonia	99.0	1 Denmark	88.8	1 Finland	97.1	86.3	91.7	1	0
2 Finland	97.1	2 Finland	86.3	2 Sweden	96.2	85.0	90.6	2	0
3 Slovenia	96.3	3 Australia	86.0	3 Denmark	89.2	88.8	89.0	3	0
4 Sweden	96.2	4 Sweden	85.0	4 Estonia	99.0	76.7	87.9	5	+1
5 Lithuania	95.8	5 United Kingdom	83.4	5 Ireland	93.0	79.1	86.1	7	+2
6 France	94.4	6 Switzerland	82.3	6 France	94.4	74.6	84.5	8	+2
7 Ireland	93.0	7 Netherlands	81.2	7 Switzerland	85.1	82.3	83.7	4	-3
8 Italy	92.7	8 Canada	81.0	8 Netherlands	86.0	81.2	83.6	10	+2
9 Denmark	89.2	9 Germany	79.7	9 Germany	86.4	79.7	83.1	11	+2
10 Spain	88.8	10 Japan	79.2	10 Austria	86.4	78.4	82.4	12	+2
11 Greece	88.6	11 Ireland	79.1	11 Lithuania	95.8	68.3	82.1	13	+2
12 Portugal	88.1	12 Austria	78.4	12 Slovenia	96.3	67.6	82.0	16	+4
13 Belgium	87.8	13 Luxembourg	77.6	13 Belgium	87.8	75.4	81.6	17	+4
14 Czech Republic	86.8	14 Estonia	76.7	14 Luxembourg	85.4	77.6	81.5	14	0
15 Slovak Republic	86.8	15 Belgium	75.4	15 United Kingdom	77.0	83.4	80.2	6	-9
16 Poland	86.6	16 United States	75.3	16 Canada	78.6	81.0	79.8	9	-7
17 Germany	86.4	17 France	74.6	17 Portugal	88.1	71.1	79.6	18	+1
18 Austria	86.4	18 Korea (South)	73.5	18 Italy	92.7	65.2	79.0	21	+3
19 Latvia	86.0	19 Portugal	71.1	19 Spain	88.8	68.7	78.8	22	+3
20 Netherlands	86.0	20 Spain	68.7	20 Japan	77.5	79.2	78.3	15	-5
21 Luxembourg	85.4	21 Lithuania	68.3	21 Greece	88.6	63.3	76.0	26	+5
22 Switzerland	85.1	22 Slovenia	67.6	22 Latvia	86.0	65.5	75.7	24	+2
23 Hungary	84.6	23 Latvia	65.5	23 Australia	65.2	86.0	75.6	19	-4
24 Canada	78.6	24 Italy	65.2	24 Czech Republic	86.8	64.1	75.5	25	+1
25 Japan	77.5	25 Czech Republic	64.1	25 Poland	86.6	58.8	72.7	27	+2
26 United Kingdom	77.0	26 Greece	63.3	26 Korea (South)	71.1	73.5	72.3	20	-6
27 Korea (South)	71.1	27 Poland	58.8	27 United States	69.1	75.3	72.2	23	-4
28 United States	69.1	28 Hungary	55.5	28 Slovak Republic	86.8	54.7	70.7	28	0
29 Australia	65.2	29 Slovak Republic	54.7	29 Hungary	84.6	55.5	70.1	29	0
30 Mexico	54.3	30 Turkey	53.0	30 Mexico	54.3	48.3	51.3	30	0
31 Turkey	39.3	31 Mexico	48.3	31 Turkey	39.3	53.0	46.2	31	0

B: Sensitivity Analysis

In order to see how systematically assigned weights for the seven index components would influence the final ranking, a statistical sensitivity analysis has been performed. Each of the seven index components has been assigned weights of 0%, 5%, 10%, ..., 95%, 100%, with the restriction that the sum of all weights adds up to 100%. Then a sensitivity analysis has been performed with respect to which country would be ranked first in each of the scenarios. Only four countries were ranked first in at least 1% of the scenarios. The four countries and the corresponding statistical distribution for rank 1 are as follows:

Country	% Country Was Ranked #1
Finland	65.7%
Denmark	20.7%
Estonia	10.6%
Sweden	1.6%

Overall, 202'107 scenarios have been calculated.



Interpretation and Comments

The main findings of the 2022 GFRTCI calculations are as follows:

- Only three out of the 31 countries are among the top ten ranked by subindex A (focusing on implementation) and subindex B (focusing on enforcement). The three countries are Finland, Sweden, and Denmark.
- Switzerland ranks 22nd for subindex A (1st in 2020 and 7th in 2021). The reason for Switzerland's relative lower rank is due to the improvement of the BCBS scores for the EU member states. The EU has finally caught up with the implementation of BCBS rules, well past the deadline. Consequently, the average score for subindex A has increased significantly from 2021 to 2022 and brought the country scores closer together. Especially the scores for the countries in the "midfield" (within ranks 9-23) are all very close.
- Switzerland is ranked 6th for subindex B (unchanged from 2021). The reason is that Switzerland slightly lags behind Denmark, Finland, Australia, Sweden, or the UK with respect to HF BF and HF JE rankings.
- Switzerland ranks 7th in the final index calculation (1st in 2020 and 4th in 2021), slightly behind Finland, Sweden, Denmark, Estonia, Ireland, and France.

Comparison between the 2021 and 2022 GFRTCI

- Based on the raw data as shown in table 2 there have been only minor changes in six out of the seven index components: EOIR, BA AML, EIU DI, CPI, HF BF, and HF JE. The corresponding averages remain overall unchanged.
- Significant changes occurred within the BCBS index component. The EU has made further progress in terms of implementation of the Basel III framework which is reflected by a significantly higher average of the BCBS index component, as well as a significantly higher average of subindex A. This improvement of EU member countries impacted the final index ranking.
- Eight countries have been ranked among the top ten in 2021 as well as in 2022: Finland, Sweden, Denmark, Estonia, Ireland, France, Switzerland, and the Netherlands.
- The UK suffered the largest decline in the rankings, from 6th in 2021 to 15th in 2022. Brexit has negatively affected the BCBS implementation as well as the HF JE score, which resulted in a slightly reduced GFRTCI score (whereas especially the EU countries showed significant improvements in the BCBS implementation and therefore also the GFRTCI overall score).
- The figure on the previous page shows the GFRTCI values for the top ten ranked countries in 2022 and the changes compared to the 2021 and 2020 index values.
- The huge majority of observed countries, and most noteworthy the EU members, show improved index scores. The changes in the overall ranking are predominantly due to these improvements.

It appears that most countries continue to take significant steps towards the implementation and enforcement of financial regulation, transparency, and compliance. The EU, in particular, has caught up with the implementation of banking standards and is finally compliant with the current BCBS guidelines (which technically had an implementation deadline of January 2019 or earlier).

Given the significance and importance of the banking sector for most countries, these are important developments, and they are rightly reflected in publicly available indices and rankings.

Swiss Finance Institute

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