

SFI Public Discussion Note

Global Financial Regulation, Transparency, and Compliance Index (GFRTCI) 2024



English Version | 2024 Edition



With its Public Discussion Note series the Swiss Finance Institute (SFI) is actively promoting 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.

Introduction



Prof. Alfred Mettler
SFI Adjunct Professor

Each year since 2020, the Swiss Finance Institute (SFI) has published a Global Financial Regulation, Transparency, and Compliance Index (GFRTCI). This index scores and ranks countries on their adoption of, compliance with, and enforcement of a set of global financial standards. Constructed as a meta-index, the GFRTCI is based on public data from existing rankings, indices, and research studies. Its purpose is to identify and clarify the strengths and weaknesses of the various countries and encourage discussion of the regulatory environment.



Prof. Steven Ongena
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As the previous four editions of the GFRTCI have been very well received within the financial community, the 2024 index uses the same framework, index components, and component weights: It thus documents the changes that have occurred over the years. From 2023 to 2024, the changes in the overall ranking are rather small. Nine of the ten top-ranked countries in 2024 were in the top ten in 2023 as well. Germany (#10 in 2023) fell out of the top ten, while Canada (#16 in 2023) gained ten positions and now ranks #6. As in the previous years, except for Switzerland and Canada all countries in the top ten are members of the EU.



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In line with these relatively minor changes in the overall ranking, the individual country data, as well as the averages of six of the seven index components, have not changed very much. However, there is one noteworthy change in one of the index components. As of January 1, 2023, various new Basel III standards came into force (or were adjusted), increasing the total number of standards from 19 to 31. Many countries did not fully implement the new standards by the deadline of January 1, 2023, significantly changing their individual scores, the average score, and the country ranking. For example, while more than 75% of the countries indexed were fully compliant with the Basel regulatory framework at the end of 2022, no country was fully compliant at the end of 2023. These significant changes led to a decrease in the average GFRTCI score, from 81.4 (in 2023) to 77.1 (in 2024).



Dr. Markus P.H. Bürgi
*SFI Chief Financial and
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Risks to the financial system keep changing, requiring the Basel regulatory standards to continue to evolve. As evidenced by those that came into force in 2023, the new regulations implemented in the years to come will most likely result in changes in future GFRTCI rankings and scores.

Stricter regulation, increased transparency, and better compliance will always come with both costs and benefits. The goal of policymakers should be to find the optimal trade-off, while trying to ameliorate recognized deficiencies in specific areas.

About the GFRTCI

Over the last few decades, financial regulation has become broader, more global, and increasingly complex. On the one hand, there are international frameworks such as Basel II and Basel III, sometimes accompanied by additional national "finishes" (Switzerland, for example, adds the so-called Swiss Finish). On the other hand, numerous standards with respect to such issues as transparency, corruption, money laundering, and data exchange have been suggested, requested, or introduced by supranational organizations, NGOs, or think tanks representing different stakeholders. Individual countries choose to adopt, or not adopt, these suggested rules and standards into their national laws. Subject to signed international treaties, they retain some leeway as to if, when, and how they implement these rules and standards, and to what extent they enforce them.

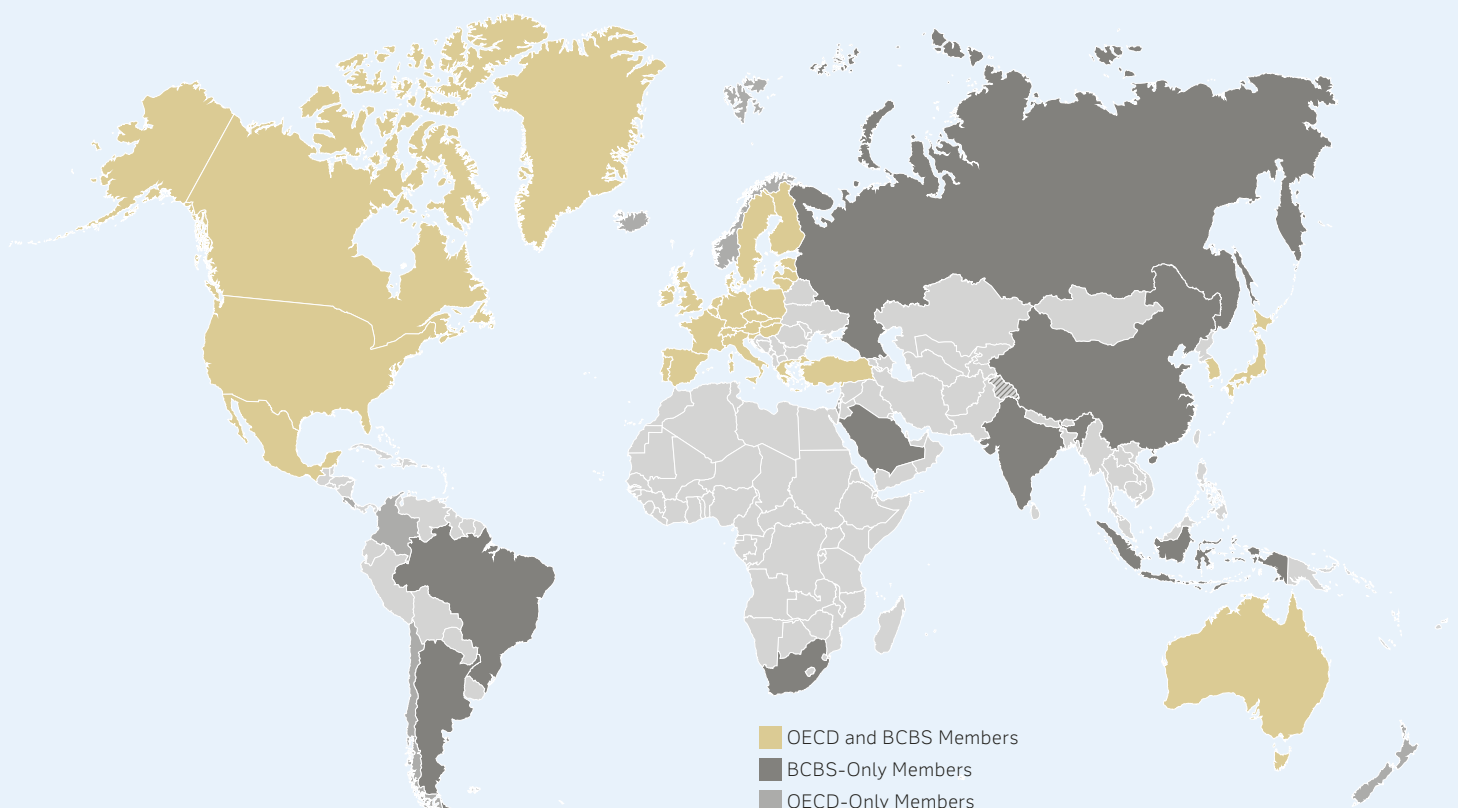
Various studies regularly document specific components of these rules and standards, whether national or international, under the umbrellas of Bank Regulation, Financial Transparency, or Financial Compliance. For example: The Basel Committee on Banking Supervision (BCBS) oversees the implementation of the Basel standards. The Organisation for Economic Cooperation and Development (OECD) publishes its Exchange of Information on Request (EOIR) 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 Anti-Money-Laundering Index (AML).

On an index level, the semiannual Global Financial Centres Index evaluates different financial centers based on instrumental factors and their responses to an online questionnaire. The focus of this index is on individual cities and their relative competitiveness.

The SFI's GFRTCI aggregates several of these well-known and accepted ratings and indices into a simple and understandable metric, which then allows countries to be ranked 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).

SFI has published the GFRTCI in 2020, 2021, 2022, and 2023, in addition to the current 2024 edition, and plans to continue to update the index on an annual basis.



Countries Included in the GFRTCI

In this fifth edition of the GFRTCI, the underlying framework remains the same as in the previous four years. The index analyzes and ranks those OECD member countries which are, at the same time, 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, the 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)
Colombia (CO)	Austria (EU)	Brazil (BR)
Costa Rica (CR)	Belgium (EU)	China (CN)
Iceland (IS)	Canada (CA)	Hong Kong SAR (HK)
Israel (IL)	Czech Republic (EU)	India (IN)
New Zealand (NZ)	Denmark (EU)	Indonesia (ID)
Norway (NO)	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)	
	Korea (South) (KR)	
	Latvia (EU)	
	Lithuania (EU)	
	Luxembourg (EU)	
	Mexico (MX)	
	Netherlands (EU)	
	Poland (EU)	
	Portugal (EU)	
	Slovak Republic (EU)	
	Slovenia (EU)	
	Spain (EU)	
	Sweden (EU)	
	Switzerland (CH)	
	Turkey (TR)	
	United Kingdom (UK)	
	United States (US)	



Components of the GFRTCI

The GFRTCI assesses the 31 joint members of the OECD and BCBS using seven ratings and indices: Three components measure a country's implementation of certain regulations, and four components quantify its political environment and its enforcement of regulations in general. The cutoff date for data collection was February 29, 2024.

Subindex A—Degree of Regulation Implementation

The following three components measure a country's degree of implementation of banking regulations, analyze its standards with respect to the exchange of information on request, and assess its risk of money laundering and terrorist financing. These components define subindex A of the GFRTCI:

- **BCBS Progress Reports on the Adoption of the Basel Regulatory Framework:**

The Basel Committee on Banking Supervision (BCBS) regularly publishes these progress reports; the most recent one was released in October 2023. The report lists 31 different standards in seven categories, with an implementation deadline of January 1, 2023 or earlier. The BCBS categories and standards are listed in Table 1.

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

Based on peer review by international assessment teams, and published by the OECD's Global Forum on Transparency and Exchange of Information for Tax Purposes, this rating assesses each country's EOIR standard and its compliance with the corresponding international standard. Each country is rated as either compliant (4), largely compliant (3), partially compliant (2), or noncompliant (1). As the rating is continuously updated, the data used here is current as of February 2024.

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

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

Published by the Basel Institute on Governance, this index assesses the risk of money laundering and terrorist financing in each country. It provides an overall risk score, based on 15 indicators of a country's adherence to anti-money laundering and anti-terrorism financing regulations; its levels of corruption, financial standards, and political disclosure; and its adherence to the rule of law. The index ranges from approximately 2 to 9, where a lower score stands for a lower risk. The data used here is current as of December 2023.

<https://index.baselgovernance.org>

Subindex B—Political Environment and Enforcement of Regulations in General

The following four components measure aspects of a country's political environment and its enforcement of regulations in a broader context. These components define subindex B of the GFRTCI:

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

Published by The Economist Group, a sister company to The Economist newspaper, this index rates each country by 60 indicators across five broad categories: Electoral process and pluralism, the functioning of government, political participation, democratic political culture, and civil liberties. On a scale of 0 to 10, a score of 0 to 4 stands for an authoritarian regime, 4 to 6 for a hybrid regime, 6 to 8 for a flawed democracy, and 8 to 10 for a full democracy. The data used here is current as of February 2024.

<https://www.eiu.com/n/campaigns/democracy-index-2023/>

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

This index, published by Transparency International, ranks countries by their perceived levels of public sector corruption, according to experts and business people. On a scale of 0 to 100, a score of 0 is highly corrupt and a score of 100 is very clean. The data used here is current as of January 2024.

<https://www.transparency.org/en/cpi/2023>

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

This index is a subindex 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." On a scale of 0 to 100, a score of 0 equals no business freedom and 100 equals total business freedom. The data used here is current as of January 2024.

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

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

This index is also a subindex 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." On a scale of 0 to 100, a score of 0 equals no judicial effectiveness and 100 equals total judicial effectiveness. The data used here is current as of January 2024.

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

Table 1: BCBS Implementation (October 2023 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	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	2016	1	4	4	4	1	4	2	2	4	2	3	2	4	4	4	4	4	1	4	4	4
	Capital requirements for exposure to central counterparties	2017	4	4	4	4	1	4	3	2	4	4	4	2	4	4	4	4	4	4	4	4	4
	Capital requirements for equity investments in funds	2017	4	4	4	4	1	4	na	na	4	4	2	4	4	4	4	4	4	4	2	4	
	Standardized approach for counterparty credit risk exposure	2017	4	4	4	4	4	4	3	4	4	4	1	4	4	4	4	4	4	4	4	4	4
	Securitisation framework	2018	4	4	4	4	2	4	4	4	4	4	4	4	4	4	4	4	4	1	4	2	4
	Total loss-absorbing capacity holdings	2019	na	4	4	4	4	4	1	na	4	1	4	4	4	4	4	4	4	1	4	4	4
	Revised standardised approach for credit risk	2023	1	4	4	4	2	2	1	4	3	4	4	2	4	3	2	2	1	2	2	2	2
	Revised IRB approach for credit risk	2023	na	4	4	4	2	2	na	na	3	4	1	4	4	3	2	2	1	2	na	2	
	Revised credit valuation adjustment framework	2023	1	1	1	3	2	2	1	3	3	4	1	1	4	3	2	2	1	2	2	2	
	Revised minimum requirements for market risk	2023	1	1	2	3	2	2	2	3	3	4	na	1	4	3	2	2	1	2	2	2	
	Revised operational risk framework	2023	1	4	2	4	2	2	3	4	3	4	4	4	4	3	2	2	1	2	2	2	
	Output floor	2023	na	4	1	4	2	2	na	na	3	4	1	4	4	3	2	2	1	2	2	2	
	Risk-based capital	2013	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	
	Leverage Ratio	Leverage ratio - 2014 exposure definition	2018	4	1	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
Leverage ratio - 2017 exposure definition		2023	4	4	1	4	2	2	1	4	3	4	1	1	4	3	2	2	2	4	4	4	
SIB	Global-SIB requirements	2016	na	na	4	4	4	4	na	na	4	4	na	na	na	4	na	4	na	4	4	4	
	Domestic-SIB requirements	2016	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	na	4	
	Leverage ratio buffer	2023	na	na	na	4	4	na	na	na	4	na	na	1	na	na	na	4	na	4	4	4	
IRRBB	Interest rate risk in the banking book	2018	4	2	4	4	4	4	3	4	4	4	2	2	4	4	4	4	1	4	4	2	
Liquidity	Monitoring tools for intraday liquidity management	2015	4	4	4	4	1	4	4	4	1	1	2	4	4	4	4	4	4	4	4	4	
	Net Stable Funding Ratio	2018	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	3	4	4	4	
	Liquidity Coverage Ratio	2023	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	
Large Exposures	Large exposure framework	2019	4	4	4	4	4	4	4	4	4	2	3	2	4	4	4	4	2	4	4	4	
	Revised Pillar 3 requirements	2016	4	3	4	4	2	4	1	4	4	4	2	4	4	4	4	4	4	4	na	4	
Disclosure	CCyB, Liquidity, Remuneration, Leverage ratio	2017	4	3	4	3	2	4	1	4	4	4	2	4	4	4	4	4	2	4	4	4	
	Key metrics, IRRBB, NSFR	2018	4	2	4	3	2	4	2	4	4	4	4	2	4	4	3	4	3	4	4	4	
	Capital composition, RWA, Prudential valuation adjustments, G-SIB	2018	4	3	4	3	2	4	1	4	1	4	1	4	4	4	4	4	1	4	4	4	
	TLAC disclosure	2019	na	na	1	4	2	4	na	na	4	3	4	na	4	na	na	4	na	4	4	4	
	Market risk	2023	*	1	*	2	2	2	*	3	3	4	1	*	4	3	2	2	*	2	*	2	
	Key metrics, RWA Overview, Leverage ratio, Credit risk, Operational risk, modelled and standardised RWA comparison	2023	1	3	*	3	2	2	2	3	3	4	2	*	4	3	2	2	*	2	1	2	

The BCBS assigns number codes to each of these 31 standards as follows: **1** = draft regulation that is not published; **2** = published draft regulation; **3** = final rule that is published, but not yet implemented by banks; **4** = final rule in force, being both published and implemented by banks, and ***** = implementation status mixed (please refer to the progress monitoring report).

Table 1 shows the BCBS implementation status (per the October 2023 report). https://www.bis.org/bcbs/implementation/rcap_reports.htm

GFRTCI Data and Data Adjustments

In a first step toward calculating the GFRTCI, the scales of the seven different components are adjusted to a common scale, from 0 to 100, as shown in Table 2. The original scales, and the adjustments made, are as follows:

- **Basel Committee on Banking Supervision (BCBS) Progress Report:**
 - The BCBS quantifies each of its 31 standards as 1, 2, 3, or 4.
 - All 31 scores for an individual country are added together, which results in a raw score of between 31 and 124.
 - The country's raw score is then normalized to a scale from 0 to 100.
- **Exchange of Information on Request (EOIR) Rating:**
 - The EOIR quantifies each country as either 1, 2, 3, or 4.
 - The EOIR score is normalized to a scale from 0 to 100.
- **Basel AML Index (AML):**
 - The AML quantifies each country on a scale from 2 to 9.
 - The AML score is normalized to a scale from 0 to 100.
 - The normalized score is then reversed (100-X), so that a higher score stands for a lower risk.
- **EIU's Democracy Index (EIU DI):**
 - The EIU DI quantifies each country on a scale from 0 to 10.
 - The EIU DI score is normalized to a scale from 0 to 100.
- **Corruption Perception Index (CPI):**
 - The CPI quantifies each country on a scale from 0 to 100.
 - No adjustment is needed for the CPI score.
- **Heritage Foundation Business Freedom Index (HF BF):**
 - The HF BF quantifies each country on a scale from 0 to 100.
 - No adjustment is needed for the HF BF score.
- **Heritage Foundation Judicial Effectiveness (HF JE):**
 - The HF JE quantifies each country on a scale from 0 to 100.
 - No adjustment is needed for the HF JE score.

Table 2: Data and Statistics for the Seven Components of the GFRTCI

List of Countries	BCBS	EOIR	AML	EIU DI	CPI	HF BF	HF JE
Australia	103	3	3.69	8.66	75	88.3	94.9
Austria	108	3	4.10	8.28	71	78.5	95.2
Belgium	108	3	4.13	7.64	73	79.0	91.4
Canada	115	3	4.28	8.69	76	87.9	95.1
Czech Republic	108	3	3.82	7.97	57	76.9	81.9
Denmark	108	3	3.37	9.28	90	89.0	88.5
Estonia	108	4	3.00	7.96	76	79.4	92.9
Finland	108	3	2.92	9.30	87	84.9	97.2
France	108	4	3.58	8.07	71	78.2	83.9
Germany	108	3	4.27	8.80	79	79.7	93.1
Greece	108	3	3.71	8.14	49	70.3	69.9
Hungary	108	3	4.94	6.72	42	73.5	62.5
Ireland	108	4	4.01	9.19	77	87.2	93.9
Italy	108	4	4.56	7.69	56	73.8	77.9
Japan	107	3	4.61	8.40	73	78.3	94.7
Korea (South)	114	3	4.55	8.09	63	84.8	76.8
Latvia	108	3	4.00	7.38	60	78.2	73.0
Lithuania	108	4	3.47	7.31	61	76.0	74.2
Luxembourg	108	3	3.67	8.81	78	85.5	96.5
Mexico	86	3	5.21	5.14	31	72.4	40.0
Netherlands	108	3	4.15	9.00	79	84.4	96.6
Poland	108	3	4.46	7.18	54	74.8	52.7
Portugal	108	4	4.08	7.75	61	76.2	90.7
Slovak Republic	108	3	4.22	7.07	54	72.2	70.6
Slovenia	108	3	3.56	7.75	56	75.9	83.3
Spain	108	3	3.96	8.07	60	75.2	73.1
Sweden	108	4	3.20	9.39	82	84.6	95.6
Switzerland	106	3	4.01	9.14	82	84.3	97.8
Turkey	75	3	5.53	4.33	34	59.7	24.2
United Kingdom	108	3	3.66	8.28	71	79.1	84.8
United States	104	3	4.30	7.85	69	83.8	76.1
Average 2024	106	3.2	4.03	7.98	66.0	79.1	81.3
Std Dev 2024	7.33	0.43	0.59	1.12	14.62	6.37	17.58
Average 2023	72	3.3	4.03	7.97	66.2	81.1	82.2
Std Dev 2023	8.01	0.44	0.66	1.12	14.38	6.40	17.45
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 used in its calculation. To calculate the GFRTCI, we take two different approaches. First, the index is calculated based on assumed weights. Second, in a sensitivity analysis, the seven index components are assigned weights in 5% increments, from 0% to 100%, with the restriction that the sum of the weights must add up to 100%. All of the country scores are calculated and a country ranking is established for each possible scenario. The frequency of how often a specific country is ranked #1 allows us 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 are set as follows: BCBS = 60%; EOIR = 20%; AML = 20%. The BCBS component is given a higher weight due to the high number of subcomponents included in the BCBS progress reports (31 standards in 7 categories).

For subindex B (political environment and enforcement of regulations in general), the four index components are equally weighted at 25% each.

For the final index, the two subindices (A and B) are combined by calculating a simple arithmetic average. Table 3 shows the final GFRTCI and the final rankings.

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

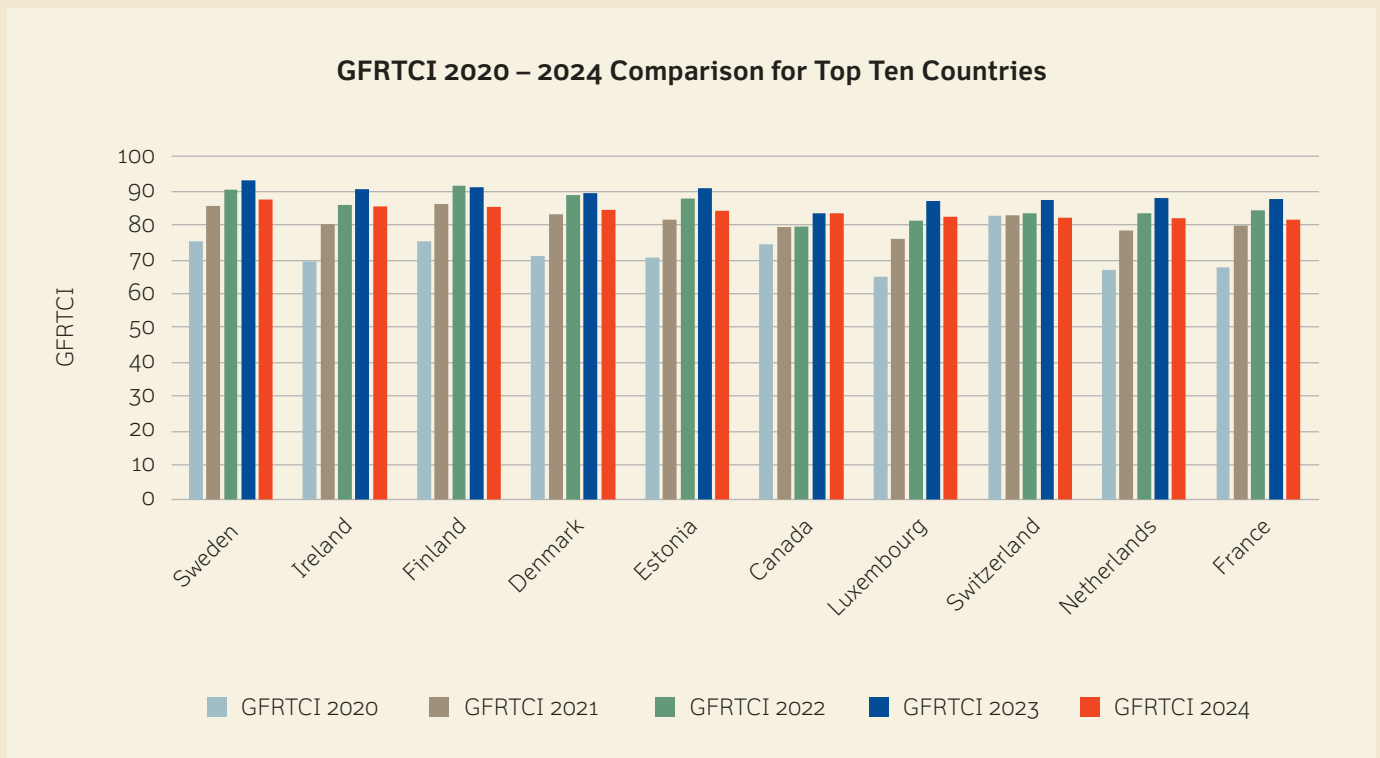
Rank / Country	Subindex A	Rank / Country	Subindex B	Rank / Country	Subindex A	Subindex B	GFRTCI	Rank 2023	Change 2023 to 2024
1 Estonia	86.8	1 Finland	90.5	1 Sweden	86.2	89.0	87.6	1	0
2 Sweden	86.2	2 Denmark	90.1	2 Ireland	83.9	87.5	85.7	4	2
3 Lithuania	85.5	3 Sweden	89.0	3 Finland	80.4	90.5	85.5	2	-1
4 France	85.2	4 Switzerland	88.9	4 Denmark	79.1	90.1	84.6	5	1
5 Ireland	83.9	5 Ireland	87.5	5 Estonia	86.8	82.0	84.4	3	-2
6 Portugal	83.7	6 Netherlands	87.5	6 Canada	81.0	86.5	83.7	16	10
7 Italy	82.4	7 Luxembourg	87.0	7 Luxembourg	78.2	87.0	82.6	9	2
8 Canada	81.0	8 Canada	86.5	8 Switzerland	76.0	88.9	82.4	8	0
9 Finland	80.4	9 Australia	86.2	9 Netherlands	76.9	87.5	82.2	6	-3
10 Korea (South)	79.6	10 Germany	85.0	10 France	85.2	78.5	81.8	7	-3
11 Denmark	79.1	11 Japan	82.5	11 Germany	76.5	85.0	80.7	10	-1
12 Slovenia	78.6	12 Estonia	82.0	12 Australia	75.0	86.2	80.6	24	12
13 United Kingdom	78.3	13 Austria	81.9	13 Portugal	83.7	76.4	80.0	11	-2
14 Luxembourg	78.2	14 Belgium	80.0	14 Austria	77.0	81.9	79.4	13	-1
15 Greece	78.1	15 United Kingdom	79.4	15 United Kingdom	78.3	79.4	78.8	14	-1
16 Czech Republic	77.8	16 France	78.5	16 Japan	74.9	82.5	78.7	20	4
17 Spain	77.4	17 United States	76.9	17 Belgium	76.9	80.0	78.4	15	-2
18 Latvia	77.3	18 Korea (South)	76.4	18 Lithuania	85.5	71.1	78.3	12	-6
19 Austria	77.0	19 Portugal	76.4	19 Korea (South)	79.6	76.4	78.0	29	10
20 Belgium	76.9	20 Czech Republic	73.9	20 Italy	82.4	71.2	76.8	18	-2
21 Netherlands	76.9	21 Slovenia	73.2	21 Slovenia	78.6	73.2	75.9	17	-4
22 Slovak Republic	76.7	22 Spain	72.3	22 Czech Republic	77.8	73.9	75.8	19	-3
23 Germany	76.5	23 Latvia	71.3	23 United States	73.9	76.9	75.4	26	3
24 Poland	76.0	24 Italy	71.2	24 Spain	77.4	72.3	74.8	21	-3
25 Switzerland	76.0	25 Lithuania	71.1	25 Latvia	77.3	71.3	74.3	22	-3
26 Australia	75.0	26 Greece	67.7	26 Greece	78.1	67.7	72.9	23	-3
27 Japan	74.9	27 Slovak Republic	66.9	27 Slovak Republic	76.7	66.9	71.8	25	-2
28 Hungary	74.6	28 Poland	63.3	28 Poland	76.0	63.3	69.7	27	-1
29 United States	73.9	29 Hungary	61.3	29 Hungary	74.6	61.3	68.0	28	-1
30 Mexico	59.6	30 Mexico	48.7	30 Mexico	59.6	48.7	54.2	30	0
31 Turkey	51.6	31 Turkey	40.3	31 Turkey	51.6	40.3	46.0	31	0

B. Sensitivity Analysis

To see how systematically assigned weights for the seven index components can influence the final ranking, we perform a statistical sensitivity analysis. Each of the seven index components is assigned weights in 5% increments, from 0% to 100%, with the restriction that the sum of all weights adds up to 100%, producing a total of 202'107 scenarios. We then determine which country ranks #1 in each scenario. The six countries that rank #1 in at least 1% of the scenarios are the top-ranked countries in the GFRTCI.

These six countries, and the corresponding statistical distribution for rank #1, are as follows:

Country	% Country Was Ranked #1
Sweden	60.1%
Finland	22.0%
Denmark	9.9%
Canada	3.1%
Ireland	3.1%
Estonia	1.6%



Interpretation and Comments

The main findings of the 2024 GFRTCI calculations are as follows:

- Only four of the 31 countries place among the top ten when ranked by both subindex A (focusing on implementation) and subindex B (focusing on enforcement). These four countries are Sweden, Ireland, Canada, and Finland.
- The total number of Basel III standards increased from 19 to 31, significantly changing the BCBS component of subindex A. At the end of 2023, no country was fully compliant with the Basel regulatory framework, leading to lower component scores and a decrease in the average GFRTCI score, from 81.4 (in 2023) to 77.1 (in 2024).
- Consequently, the average score for subindex A significantly decreased from 2023 to 2024, from 85.5 (2023) to 77.6 (2024).
- Switzerland ranks #25 for subindex A (#23 in 2023). While it is about 80% compliant with respect to BCBS implementation (as are most other countries), it ranks relatively lower in the AML component (which assigns a "high risk" rating for its Financial Secrecy Index) and, to a lesser extent, the EOIR component (which assigns a ranking of "partially compliant" for "ownership and identity information").
- The average score for subindex B barely changed from 2023 to 2024, from 77.3 (2023) to 76.5 (2024).
- Switzerland ranks #4 for subindex B (same as in 2023).
- Switzerland ranks #8 in the final GFRTCI calculation (same as in 2023), behind Sweden, Ireland, Finland, Denmark, Estonia, Canada, and Luxembourg.

Comparing the 2023 and 2024 GFRTCIs reveals the following:

- Based on the raw data shown in Table 2, there have been no noteworthy changes in six of the seven components of the index: EOIR, AML, EIU DI, CPI, HF BF, and HF JE.
- Significant changes occurred within the BCBS index component. New regulations came into force on January 1, 2023, and none of the observed countries was yet in full compliance with the new implementation guidelines by October 2023.
- Most countries continue to take significant steps toward the implementation and enforcement of financial regulation, transparency, and compliance standards. However, it seems difficult to implement new regulatory guidelines by the deadline (even one announced several years in advance).
- Eight countries ranked among the top ten in 2021, 2022, and 2023, as well as in 2024: Sweden, Ireland, Finland, Denmark, Estonia, Switzerland, the Netherlands, and France.
- Given the significance of the banking sector for most countries, the discussed developments in terms of regulation, transparency and compliance continue to be important, and they are rightly reflected in publicly available indices and rankings.

Swiss Finance Institute

With support from its founders—the Swiss banking industry, the Swiss Confederation, and leading Swiss universities—the Swiss Finance Institute (SFI) competitively promotes world-class research and teaching in banking and finance in Switzerland. By combining academic excellence with practical experience SFI contributes to the strengthening of the Swiss financial center.

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