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Global Regulation Index from the Swiss Finance Institute Shows Clear Shifts—EU Catches Up and Switzerland Remains in the Top Tier

The third edition of the Global Financial Regulation, Transparency, and Compliance Index (GFRTCI) published by the Swiss Finance Institute shows clear shifts in the country rankings. Switzerland currently sits in 7th place (1st place in 2020 and 4th place in 2021), behind Finland, Sweden, Denmark, Estonia, Ireland, and France. The United Kingdom suffers the largest decline in its ranking, slipping from 6th place in 2021 to 15th place in 2022.

Zurich, 27 April 2022. Over recent decades financial regulation has become broader, increasingly complex, and more global. On one hand, there are 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, 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 proposed and created by supranational organizations, NGOs, or think tanks, which represent diverse stakeholders. Individual countries can then incorporate them into their national laws. Subject to their signing of international treaties, individual countries still have some freedom as to if, when, and how they implement these rules and standards, and to what extent they enforce them.

Dr. Markus P.H. Bürgi, CFOO of the Swiss Finance Institute explains: "Over the last three years we have established a comprehensive regulation index. It scores and ranks various countries in terms of their 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 existing, established rankings, indices, and research studies. "The Global Financial Regulation, Transparency, and Compliance Index (GFRTCI) provides a meaningful analysis of the strengths and weaknesses of various countries with regard to their regulatory standards and compares them directly with the current regulatory framework of the Swiss financial center," adds Swiss Finance Institute Adjunct Professor Alfred Mettler. Together with Swiss Finance Institute professors Steven Ongena and Christoph Basten from the University of Zurich, Mettler is part of the core team of coauthors who designed the Index.

"As it turns out, the EU has made significant progress in implementing the Basel Committee's (BCBS) rules," comments Professor Ongena. His colleague Professor Basten adds, "Among the 31 financial centers included in the regulatory index, Switzerland still ranks near the top, after Finland, Sweden, Denmark, Estonia, Ireland, and France". Also noteworthy is the fact that the United Kingdom has suffered the largest decline in its ranking, slipping from 6th in 2021 to 15th in 2022. The coauthors clearly attribute this to the 2020 Brexit decision, which took the UK out of the European Union.

The detailed Public Discussion Note on the Regulation Index 2022 can be found at: www.sfi.ch/gfrci2022

For further information, please contact:

Dr. Cyril Pasche

+41 (0)22 379 88 25 | cyril.pasche@sfi.ch

Swiss Finance Institute

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