

# New FATF Evaluation on Switzerland – a comparative analysis

Today (7 December 2016), the [Financial Action Task Force \(FATF\)](#) released its latest [evaluation of Switzerland](#). According to this FATF report, Switzerland's regulatory framework on anti-money laundering and terrorism financing (AML/CFT) is well developed, but its application shows some weaknesses.

In particular, the FATF report points to a lack of efficiency in international cooperation when it comes to sharing financial information, indicating limited capacities of Switzerland's Financial Intelligence Unit, MROS, in this area. The FATF report also finds limitations in relation to customer due diligence, and criticises the weakness of sanctions handed out by the country's financial regulatory authority (FINMA).

The findings of the FATF report have been included in a comparative analysis that is regularly issued by the [Basel Institute on Governance as part of its Basel AML Index](#) to illustrate how countries fare in comparison to each other when it comes to AML/CFT risks (see table 1 below). This table shows that the AML/CFT framework in Switzerland is more compliant than in a majority of countries that have been evaluated by the FATF under a new methodology used since 2014, but that it is still underperforming compared to Spain, the United States, Italy and Cuba.

In summary, while Switzerland is placed among the top five of 26 countries that have been assessed so far under the new methodology, it has been found to have some significant enforcement weaknesses that put the country's financial institutions at risk of being misused for money laundering and terrorism financing. In view of the significance of Switzerland as a financial centre, and the importance of the financial industry for the Swiss economy, these need to be addressed.

The Basel AML Index is intended to assist public and private institutions in understanding AML/CFT country specific risks and as such it may inform compliance programmes and investment decisions and support research into AML/CFT. The Basel Institute's AML Index is updated regularly and new evaluation reports are included as they are published. These are reflected immediately in the Expert Edition of the AML Index and updated on an annual basis in the Public version that is available free of charge.

Ranking based on the new FATF Evaluation Reports (December 2016)

FATF Mutual Evaluation Reports based on the new methodology (standardised 0=low risk 10=high risk)					
Rank	Country	Compliance average	Effectiveness average	Final weighted average score 1:2	Date
1	Spain	1.50	3.94	<b>3.13</b>	12/2014
2	United States	3.75	3.33	<b>3.47</b>	12/2016
3	Italy	2.83	4.24	<b>3.77</b>	02/2016
4	Cuba	2.33	5.15	<b>4.21</b>	09/2015
5	<b>Switzerland</b>	<b>3.58</b>	<b>4.55</b>	<b>4.22</b>	<b>12/2016</b>
6	Armenia	2.25	5.45	<b>4.39</b>	12/2015
7	Malaysia	2.25	5.45	<b>4.39</b>	09/2015
8	Australia	4.17	4.85	<b>4.62</b>	04/2015
9	Singapore	2.33	5.76	<b>4.62</b>	09/2016
10	Belgium	3.33	5.45	<b>4.75</b>	04/2015
11	Canada	3.75	5.45	<b>4.89</b>	09/2016
12	Honduras	3.25	6.06	<b>5.12</b>	10/2016
13	Austria	3.50	6.36	<b>5.41</b>	09/2016
14	Norway	4.42	6.06	<b>5.51</b>	12/2014
15	Bangladesh	3.83	6.97	<b>5.92</b>	10/2016
16	Costa Rica	4.83	7.27	<b>6.46</b>	12/2015
17	Samoa	5.08	7.27	<b>6.54</b>	09/2015
18	Serbia	4.58	7.58	<b>6.58</b>	06/2016
19	Trinidad & Tobago	3.75	8.18	<b>6.70</b>	06/2016
20	Fiji	5.00	8.18	<b>7.12</b>	10/2016
21	Tunisia	4.83	8.48	<b>7.27</b>	05/2016
22	Ethiopia	4.19	9.39	<b>7.66</b>	06/2015
23	Bhutan	5.67	9.39	<b>8.15</b>	10/2016
24	Sri Lanka	6.25	9.39	<b>8.35</b>	09/2015
25	Vanuatu	6.83	10.00	<b>8.94</b>	09/2015
26	Uganda	7.67	10.00	<b>9.22</b>	04/2016

