

**Платформа IV**  
**Фінансовий контролінг у бізнесі**

УДК 339.727.2.025.12]:336.227.3

***Onikiienko S.V.***

*Doctor of Economics, professor,  
Department of Corporate Finance and Controlling  
SHEE Kyiv National Economic University named after Vadym Hetman*

**THE NEED FOR REFORM: OFFSHORE FINANCIAL CENTERS**

The Financial Stability Forum (FSB) introduced the 'blacklist' of offshore financial centers in 2020. The outraged **reaction** demonstrated that the criticisms were near the bone, **especially in** the case of centers in the 'bad' and 'ugly' categories [1]. The work by the IMF and the World Bank also served to highlight weaknesses in some centers, and to promote an upgrading of standards. It seems likely that offshore center regulation is now somewhat more effective than it used to be but information exchange with offshore centers is still more difficult than elsewhere. Quite apart from the tax leakage, there are difficulties **in** tracking risk transference between sectors when it passes through offshore jurisdictions and the FATF has drawn attention to weaknesses in our defenses against money laundering. There are continued suspicions, too, about insider dealing which passes through these centers.

In spite of the improvements made in recent years, offshore centers remain a concern. We think a continued focus on their regulatory standards is well justified and can recommend three approaches:

1. Continued pressure from the IMF and the World Bank to improve standards. Some FSAP reports identified weaknesses in compliance with international standards and codes. On a targeted basis the Fund and the Bank should follow up those specific recommendations to identify whether the gaps have been filled. Where they have not, they should publicize the fact.
2. The more important offshore centers should be brought more closely into the work of the key international regulators. There could, for example, be an offshore representative on the Basel Committee, charged with promoting liaison between Basel and the offshore centers themselves, and indeed with encouraging non-compliant centers to come into line. The same could be done with the technical committees of the IAIS and IOSCO.
3. There are some cases for a continued oversight function, located within the Financial Stability Board. That could build on the useful work carried out by the earlier grouping, albeit there might now be a case for operating in a somewhat less confrontational manner. That group would be charged with producing occasional reports on the application of standards and codes across offshore jurisdictions, reports which could be submitted to financial supervisors.

#### **References:**

Financial Stability Forum. (2000). *Report of the Working Group on Offshore Centres*. Retrieved from [https://www.fsb.org/wp-content/uploads/r\\_0004b.pdf](https://www.fsb.org/wp-content/uploads/r_0004b.pdf)