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Offshore Wealth and Uneven Transparency: Implications for Developing Countries

Sarah Godar, Juan Vergara

International Tax Observatory

International Tax Observatory is part of the Paris School of Economics

New global estimates of offshore financial wealth by Faye et al. (2025) show that offshore financial wealth has remained remarkably stable at around 7% of global household net financial wealth between 2001 and 2023, despite advances in international tax transparency. While high-income countries still hold the bulk of these assets, the share owned by upper-middle-income countries has grown. At the same time, the geography of offshore intermediation is shifting away from Switzerland toward Asian financial centers, the United Kingdom, and the United States.

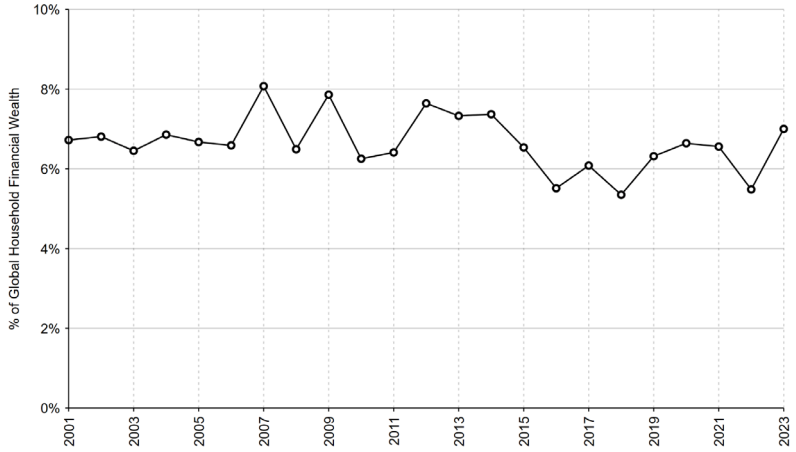
These shifts matter as progress towards financial transparency has been uneven across jurisdictions. High- and upper-middle-income countries benefit from relatively strong CRS coverage of offshore accounts. In contrast, many lower-middle- and low-income countries—particularly in Africa and the Middle East—do not participate in the CRS, often due to administrative and institutional constraints. Moreover, regions tend to favor different financial centers, creating varying exposure to financial secrecy. As a result, offshore tax evasion risks remain disproportionately high for many developing countries.

This research note builds on the updated offshore wealth series from the Atlas of the Offshore World to examine these regional asymmetries and their implications for domestic revenue mobilization.

Global Distribution of Offshore Wealth

Household offshore financial wealth refers to financial assets that individuals hold in foreign financial centers, such as bank deposits or portfolios of equities, bonds, and mutual funds. Globally, more financial liabilities are recorded than assets because asset owners hold these assets through foreign custodial bank accounts that are difficult for domestic authorities to observe. Estimates based on this gap suggest that global offshore wealth has remained relatively stable at around 7% of total household net financial wealth over the past two decades (Figure 1; Faye et al., 2025).

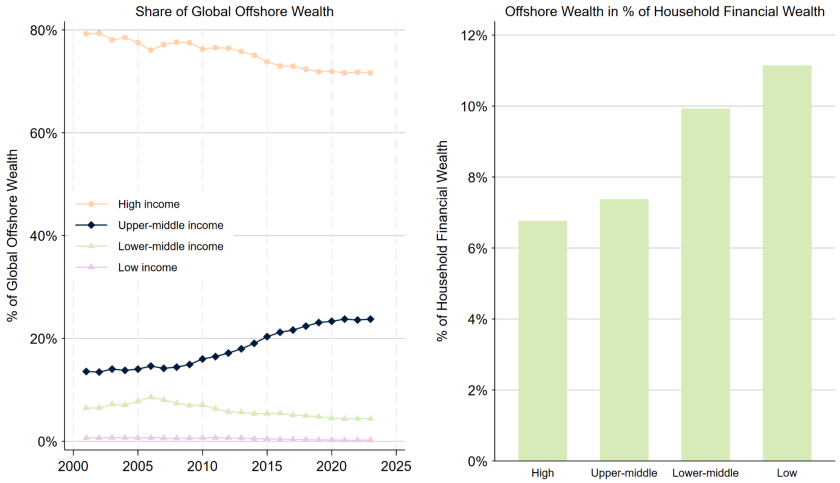
Figure 1: Global Offshore Wealth, 2001-2023



Note: This figure from Faye et al. (2025) shows the evolution of year-end global offshore wealth held in all financial centers, for the period 2001 to 2023, as a fraction of global household financial wealth.

High-income countries continue to hold the largest share of offshore wealth, but the share of upper-middle income countries has grown steadily, reaching 24% of the global total in 2023 (Figure 2, Panel A). This growth is particularly pronounced for China, whose share has increased more than elevenfold over the period. The global share of lower-middle and low-income countries is small and stagnating. However, in relation to their total household financial wealth, the offshore holdings of lower-middle- and low-income countries are significant. For example, in 2023, residents of low-income countries held 11% of their financial wealth offshore, while that share amounted to only about 7% for residents of high- and upper-middle-income countries (Figure 2, Panel B).

Figure 2: Offshore Wealth by Income Level

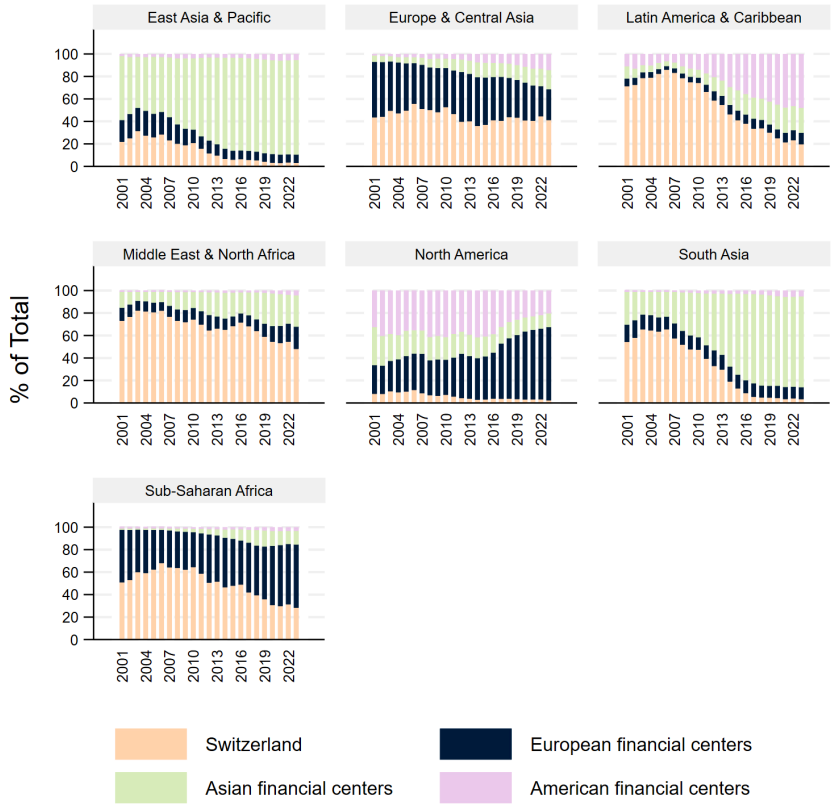


Note: Panel A shows the development of the shares of countries in global offshore wealth by income group. Panel B shows countries' offshore financial wealth in relation to households' net financial assets by income group. Income level groups are defined using the World Bank classification as of 2022. Offshore wealth estimates are from Faye et al. (2025), data on households' net financial assets are from the World Inequality Database (World Inequality Lab, 2026).

Regional Exposure to Global Financial Centers

The geography of offshore intermediation has shifted notably over time. Since 2006, the share of global offshore wealth held in Switzerland has declined, while the shares held in Asian financial centers, the United Kingdom, and the United States have increased. Exposure to financial centers varies across regions. Residents of Europe and Central Asia still hold around 40% of their offshore wealth in Switzerland, but its importance has declined sharply for Latin America and South Asia. In 2023, about half of Latin American offshore wealth is held in American financial centers, while offshore assets of residents in South Asia and East Asia & Pacific are now predominantly in Asian financial centers. The continued reliance of Middle Eastern and African residents on Switzerland and other European financial centers is notable. For example, in 2023, residents of Sub-Saharan Africa held 56% of their offshore wealth in European financial centers and another 28% in Switzerland (figure 3).

Figure 3: Location of Offshore Wealth by Region



Note: These figures plot the shares of offshore financial wealth owned by the residents of each region in different financial centers. Offshore wealth estimates are from Faye et al. (2025). Regions are defined using the World Bank classification as of 2022. American financial centers comprise the Cayman Islands, Panama, and the United States. Asian financial centers comprise the Bahamas, Bahrain, Bermuda, Curaçao, Hong Kong, Macao, Malaysia, the Netherlands Antilles, Singapore, and the United Arab Emirates. European financial centers comprise Austria, Belgium, Cyprus, Guernsey, the Isle of Man, Jersey, Luxembourg, and the United Kingdom.

Uneven Progress Towards Transparency

In 2013, the G20 and OECD endorsed the automatic exchange of information under the CRS, inspired by the U.S. Foreign Account Tax Compliance Act (FATCA) implemented the same year. Since 2017, over 100 countries and territories have begun requiring financial institutions to collect account information on non-resident bank accounts and report it to domestic authorities, which then automatically exchange the data with tax administrations in the account holders' countries of residence. The introduction of international automatic information exchange marked a breakthrough in the fight against global financial secrecy.

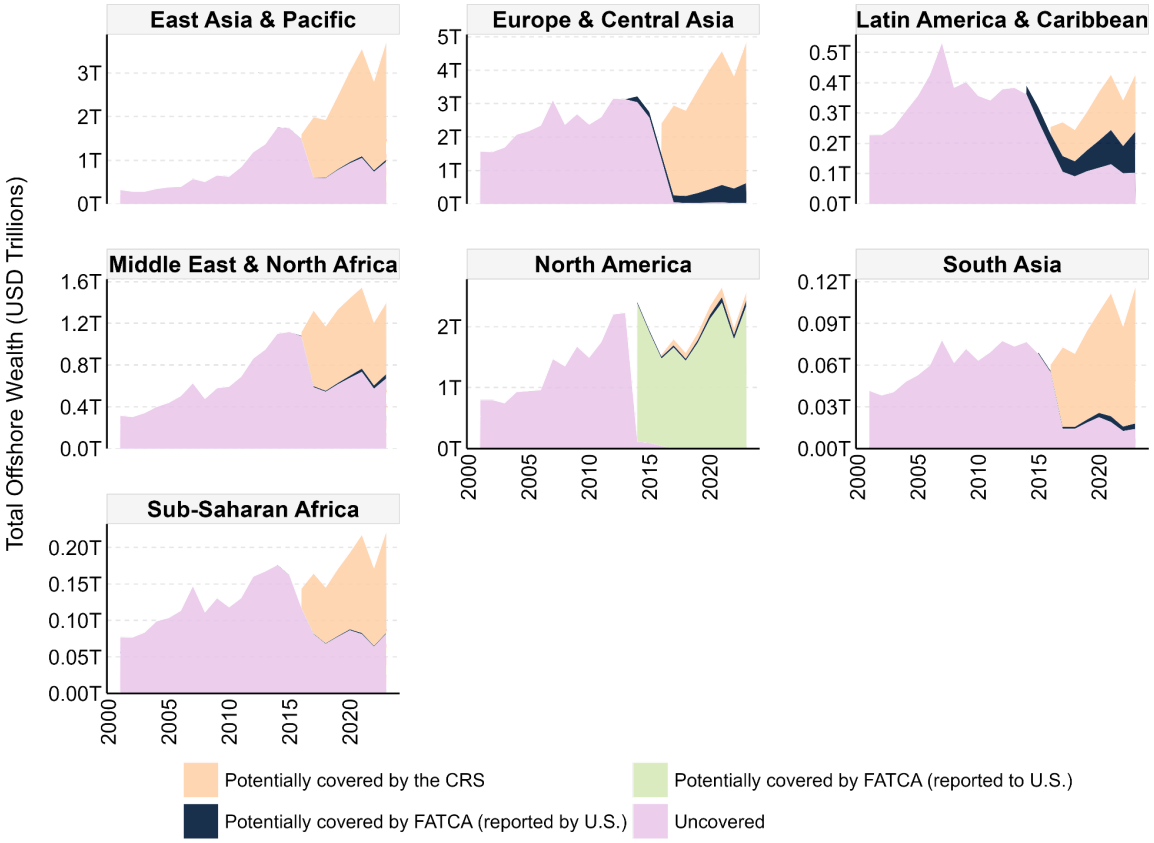
However, progress in making ownership of offshore accounts more transparent has been highly uneven across countries. First, not all countries participate in the CRS (OECD, 2026). Second, not all countries have signed intergovernmental agreements (IGA Model 1) with the United States that make FATCA reciprocal (U.S. Department of the

Treasury, 2026). As a result, financial information is often shared from foreign banks to the United States, but not in the opposite direction.

Thanks to participation in the automatic exchange of information, high-income and upper-middle-income countries now benefit from relatively comprehensive coverage of offshore accounts, substantially reducing the scope for traditional offshore tax evasion. Close to 100% of offshore wealth owned by residents of North America, Europe and Central Asia is potentially covered by some form of automatic information exchange (either under CRS or FATCA) (Figure 4).

In contrast, lower-middle- and low-income countries often do not participate in the CRS or have no FATCA reciprocity agreement, frequently due to administrative capacity constraints, high implementation costs, and demanding data protection standards. As a result, a substantial share of their offshore wealth remains outside automatic information exchange: 26% for East Asia & Pacific, 24% for Latin American and Caribbean, 48% for the Middle East & North Africa, 12% for South Asia, and 37% for Sub-Saharan Africa (Figure 4).

Figure 4: Potential Coverage of Offshore Wealth by Region



Note: The figures show the absolute amount of offshore wealth (USD trillions) owned by residents of different regions. The total is broken down into the portion potentially covered by automatic information exchange under FATCA, under the CRS, and the portion not covered by any form of automatic information exchange. Because the information received by the United States is not of the same quality as the

information it provides, the offshore wealth covered by FATCA is further divided into wealth held in the United States and reported by the United States (dark blue), and wealth owned by U.S. residents that is reported to the United States by other countries (green).

We refer to offshore wealth as *potentially* covered because participation in automatic information exchange does not guarantee full transparency. Even where countries participate, coverage, data quality, and data use by tax authorities may vary. Recent studies suggest that although account coverage and data quality look promising, reporting gaps remain so that information received under the CRS may still be incomplete (Boas et al., 2024; Boas et al., 2026; Bomare & Collin, 2025).

In addition, the United States does not participate in the CRS and provides only limited reciprocal information under FATCA. Importantly, U.S. banks are not required to identify or report the beneficial owners behind entity accounts. This creates significant blind spots for countries—particularly in Latin America, whose residents hold substantial wealth in U.S. accounts. Recent estimates suggest that 44% of Latin Americans' offshore wealth is held in the United States. However, the share of Latin Americans' global offshore wealth potentially covered by FATCA is only 32% because not all countries have a reciprocity agreement. On top of that even the share potentially covered by FATCA could remain hidden from tax authorities if held through shell companies. If we assume that offshore wealth held in the U.S. remains largely secretive, the coverage of Latin Americans' global offshore wealth would shrink from 76% to 44%. Limited effectiveness of FATCA is also a potential problem for Europe and Central Asia, whose residents hold 13% of their offshore wealth in the U.S.

Financial Transparency as a Shared Responsibility

Financial transparency does not benefit all countries equally. Many lower-income countries remain outside the CRS framework. FATCA is not necessarily reciprocal and the information countries receive is insufficient. To reduce these asymmetries, developing countries should strengthen efforts to meet the technical and legal requirements for CRS participation, with richer countries providing targeted support through capacity-building programs. For the poorest countries, where the cost of implementing full exchange may be prohibitive, relaxing the reciprocity requirement and providing information unilaterally—while ensuring strict data protection—could be a viable alternative. Europe has a particular responsibility toward Africa, given the substantial African wealth held in European banks, while the U.S. should improve information sharing, especially with Latin America. Moreover, following Australia's example, more countries should publish country-by-country statistics on financial wealth held in their jurisdictions and reported through CRS to enable risk assessment by authorities that cannot access micro-level data, thereby extending the benefits of transparency even to countries outside the exchange network.

Summary and Conclusion

Global offshore wealth has remained stable at around 7% of household financial wealth, with high- and upper-middle-income countries holding most assets, while lower-income countries face significant exposure relative to their total household net financial wealth. Progress in transparency through CRS and FATCA has been uneven: many developing countries lack coverage, and data from key centers like the U.S. remains incomplete. Reducing these asymmetries requires shared responsibility: developing countries should strengthen their capacity to join CRS, while richer countries provide support, relax reciprocity where needed, and improve information sharing. Publishing country-by-country CRS statistics can further help countries without microdata track offshore risks.

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