

Data leaks and the reputation of the financial centre

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At the beginning of the twenty-first century, the Geneva financial centre was hit by several cases of leaked banking data, which publicly exposed tax evasion practices and damaged its reputation. The most resounding affair concerned the Geneva subsidiary of a large British bank, from which an IT employee stole client data in the mid-2000s. Those data, passed to foreign tax authorities and then published by a consortium of journalists in 2015 under the name “SwissLeaks”, revealed the identity of numerous clients and a number of questionable practices.¹ In 2018 the bank concerned was still among the Geneva institutions awaiting the outcome of their United States proceedings.²

These leaks had several consequences. They accelerated international pressure in favour of tax transparency. They led Switzerland to strengthen the criminal-law protection of banking secrecy against the exploitation of stolen data, while accepting the exchange of information through official channels. They also made institutions more alert to the security of their data and to the risks posed by their own staff.

Other international leaks, such as the Panama Papers in 2016, the Paradise Papers in 2017, the Pandora Papers in 2021 and the revelations concerning a large Swiss bank in 2022, implicated Swiss and Geneva intermediaries, in particular lawyers, fiduciaries and asset managers who had created or administered offshore structures.³ These revelations fed the debate on bringing advisers within the scope of anti-money laundering legislation, which Part H will examine.

Caution. The data leaks have shown that confidentiality offers no lasting protection for questionable practices. The reputation of a financial centre now depends on the effective compliance of its clients and its intermediaries.

1 Notes

1. Wikipédia (fr), art. “SwissLeaks”: the data stolen by Hervé Falciani from HSBC Private Bank (Suisse) concerned some 100,000 clients and more than EUR 180 billion; they were handed to the newspaper Le Monde in 2010 and published by the ICIJ consortium in February 2015; the Geneva public prosecutor opened proceedings on 18 February 2015, closed by a financial settlement of CHF 40 million (4 June 2015); Falciani was sentenced in absentia on 27 November 2015 to five years’ imprisonment for economic espionage. ↩
2. “Neue Privat Bank paie une amende aux États-Unis”, Bilan, 19 July 2018. ↩
3. On the Panama Papers: Wikipedia (en), art. “Mossack Fonseca” (leak revealed on 3 April 2016, 11.5 million documents, some 300,000 entities, two offices in Switzerland, closure announced on 14 March 2018). On SwissLeaks: Wikipédia (fr), art. “SwissLeaks” (publication in February 2015, Geneva proceedings closed by a settlement of CHF 40 million on 4 June 2015). The other leaks mentioned are examined in Part H. ↩

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