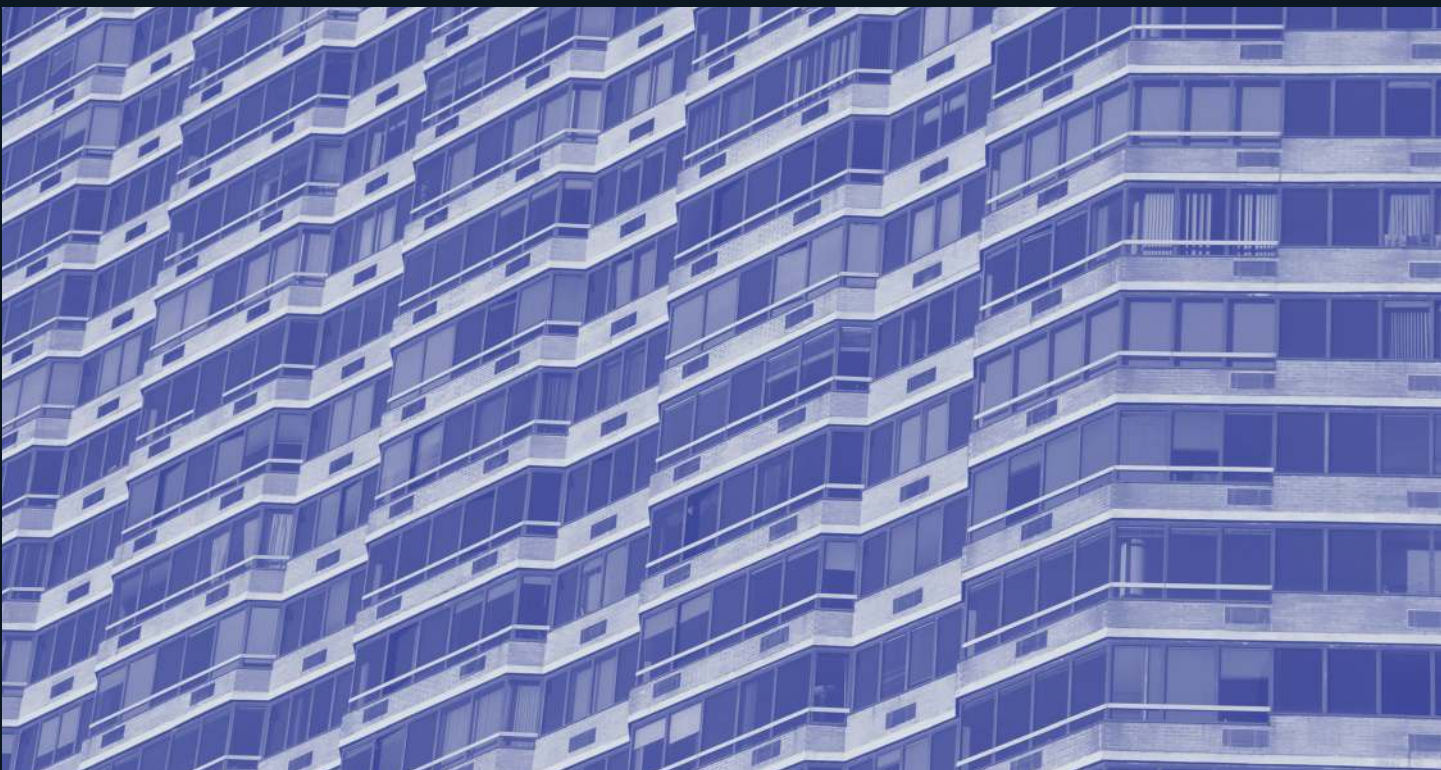# OPEN OWNERSHIP

The Global Beneficial Ownership Register

Briefing:
The case for beneficial ownership as open data

OPEN OWNERSHIP

Open data is digital "structured" or "machine-readable" data that is "made available with the technical and legal characteristics necessary for it to be freely used, reused, and redistributed by anyone, anytime, anywhere." [1]

In other words, any user of open beneficial ownership data should be able to access the data, search it freely and/or download it as structured data -- for example, a .csv file that can be imported into Excel -- , and use it for any purpose.

Inherent in this definition is that the data should be accessible to the public, which we cover in another briefing ("The case for public beneficial ownership data"). Here, we briefly cover the benefits of publishing beneficial ownership as structured data.

It can be more easily linked with other beneficial ownership data

As the World Bank has noted, when corporate structures are used to launder money, this often involves adding layers of "legal distance" between the beneficial owner and their assets. These layers are placed strategically in a number of jurisdictions because of the difficulty to investigators of accessing information that crosses national boundaries. [2]

That's why the ability to link beneficial ownership information from around the world is essential to realizing beneficial ownership data's potential to expose transnational networks of illicit financial flows.

While it is critical to make these linkages in individual cases, it is also important for uncovering the means of obfuscation still available to those laundering illicit money. As a number of jurisdictions bring their promised public beneficial ownership registers online, the ability to link this data will highlight the gaps that money launderers can still exploit. It

is critical to ensure that the data is also public, in order to allow access to this insight by corporate due diligence officers, procurement officers, and more. This will incrementally make it more costly for corrupt individuals to continue to hide and changing norms around corporate transparency.

In order to compare different sets of information in this way, that information needs to be organized along the same terms. Problems arise, for instance, when a UK beneficial owner of a Norwegian company, for example, is identified as just 'John Smith' (a very common name in the UK), without additional information to disambiguate. OpenOwnership is developing the first global standard for collecting and publishing beneficial ownership as open data in order to realize the full potential of beneficial ownership data. The more widely-adopted this standard is, the more the data will be linkable.

1 "International Open Data Charter: Principles," Open Data Charter. Available at http://opendatacharter.net/principles/
2 Emile van der Does de Willebois, et al, "The Puppet Masters: How the Corrupt Use Legal Structures to Hide Stolen Assets and What to Do About It," Stolen Asset Recovery Initiative (2011). Available at: https://star.worldbank.org/star/sites/star/files/puppetmastersv1.pdf

Structured data can be more easily linked with other useful data sets

This linkability doesn't just bear fruit when it's across borders, but also across different areas of government. For instance, linking beneficial ownership data to procurement is a powerful way to track who wins public contracts and for how much. This would bring needed transparency to the area of government that is also its highest corruption risk.[3] A similar benefit would accrue if beneficial ownership was linked with licensing data and processes.

Likewise, for the benefit of government ombudsmen and civil society watchdogs, the data can be linked to lobbying databases, records of political donations, and asset declarations of politicians.

For business, data can be linked to their own data sets on suppliers and partners, and then to sanctions lists and other checks, increasing the efficiency of due diligence.

Open data yields higher-quality data

As noted above, public, structured data is easier to use, and has more uses, than data that is unstructured or in paper form. In the UK, data use has grown exponentially, to 10 million searches a day, since the data was made free and open.[4] Moreover, Companies House's "overall attention to technological innovation and efficiency has yielded significantly lowered company registration costs, contributing to a steady upward growth in company registration." [5]

The more people use the data, and the simpler it is to compare it with other datasets, the more likely inconsistencies or potential wrongdoing are to be identified. In a discussion of the publication of income and asset declarations of public officials, the World Bank has noted that "public disclosure of AD [asset declarations] information enables an AD system to enlist civil society in supporting the verification of declarations, potentially enhancing enforcement, and thereby increasing the credibility of the system as well." [6]

Indeed, civil society investigators in Slovakia used data from the national beneficial ownership register to uncover that a company had submitted inaccurate information about their beneficial owners. They submitted the results of their investigation to the state, leading to a productive partnership that resulted in the world's first official censure for reporting inaccurate beneficial ownership data.[7]

It is not just civil society that will offer a boost to data quality, but also those individuals using the data as part of their due diligence duties. OpenCorporates, the world's largest database of company information, sometimes receives dozens of comments a week from users pointing to inaccuracies in the underlying data.

All of these mechanisms help drive greater quality of data, and thus greater trust in and utility of the information.

3 Chris Taggart and Gavin Hayman, "How a global register of beneficial ownership can help end secrecy," (2016). Available at:
   https://medium.com/beneficial-ownership/how-a-global-register-of-beneficial-ownership-can-help-end-secrecy-605d16020086#.fqx9xo1bg

4 Email exchange between Companies House and OpenOwnership, 3 March 2017.

5 Companies House Official Statistics, "Incorporated companies in the UK: October to December 2016" (2016). Available at:
   https://www.gov.uk/government/publications/incorporated-companies-in-the-uk-october-to-december-2016/incorporated-companies-in-the-uk-october-to-december-2016

6 Ruxandra Burdescu, et al., "Income and Asset Declarations: Tools and Trade-offs," Stolen Asset Recovery Initiative (2009). Available at:
   https://www.unodc.org/documents/corruption/Publications/StAR/StAR_Publication_-_Income_and_Asset_Declarations.pdf.

7 "Medical supplier fined for Cypriot go-betweens," the Slovak Spectator (2017). Available at:
   https://spectator.sme.sk/c/20471528/medical-supplier-fined-for-cypriot-go-betweens.html

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