The Promises and Pitfalls of Mandated Ownership Transparency: A Discussion of Amberger, Wilde, and Wu (2025)

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Abstract

Amberger, Wilde, and Wu (2025, AWW) examine the impact of EU beneficial ownership transparency (BOT) regulation on cross-border investment. They find that BOT is associated with reductions in investments from non-EU financial havens into the EU and that BOT unintentionally discourages legitimate investments without deterring illicit actors. My discussion evaluates AWW's evidence, positions the paper within the existing literature, and discusses its contributions. I particularly focus on challenges in measuring illicit activities and the impact of voluntary FDI data reporting by EU countries. I also assess how privacy concerns and recent legal decisions have shaped the evolving landscape of beneficial ownership mandates and how they may affect the public scrutiny mechanism going forward. To contextualize the paper's findings, I provide new survey evidence on private firms' disclosure practices and interview-based insights into the practical use of BOT registries. I conclude with suggestions for future research.

Keywords: Ownership Transparency; Financial Havens; Cross-Border Investment; Privacy

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1. Introduction

Over the past decade, there has been a global push for beneficial ownership transparency (BOT) as a means to combat illicit financial activities.[1] BOT mandates have been widely promoted by policymakers as regulatory tools intended to deter money laundering, tax evasion, and corruption by increasing transparency about companies' human beneficial owners (World Bank 2021; United Nations Office on Drugs and Crime 2024). While the EU has led the implementation of BOT registries, similar regulations have been adopted worldwide, including several developing countries (Open Ownership 2025).[2]

Amberger, Wilde, and Wu (2025, henceforth AWW) examine the cross-border investment consequences of BOT mandates in the EU. AWW exploit the staggered adoption of EU beneficial ownership registers to examine whether and how BOT mandates shape cross-border investments, whether ownership transparency differentially deters potentially illicit versus likely legitimate investment, and which types of firms try to avoid ownership disclosure. AWW find that following the adoption of BOT registries, investment from non-EU financial havens into the EU declines by approximately 15%. Cross-sectional analyses suggest two mechanisms driving this decline: increased public scrutiny and heightened enforcement risk. Importantly, AWW also find that potentially illicit actors do not appear to change their investment behavior; rather, they engage in avoidance behavior and seem to be less likely to comply with the transparency mandate. Based on these findings, AWW argue that BOT mandates may unintentionally discourage legitimate investment without deterring illicit actors.

[1] See, for example, Forbes (2024). For a detailed overview of global progress on beneficial ownership transparency, including which countries have made commitments, are implementing registers, or already have live registers, see Open Ownership's interactive map: https://www.openownership.org/en/map/ (accessed March 3, 2025).
[2] For a summary of BOT efforts in Africa and Latin America, see African Development Bank Group (2025) and Tax Justice Network (2022), respectively.

AWW's research question is important because opaque ownership structures may enable crime and corruption. By revealing the individuals who ultimately benefit, BOT registries could be a powerful policy tool to prevent illicit activity at its source. Although accurately measuring the global costs of illicit financial flows remains difficult, estimates suggest they lead to substantial GDP losses through negative externalities and resource misallocation (Bak and Jenkins 2025). Beyond their economic impact, illicit activities such as drug trafficking, money laundering, and tax evasion also raise ethical and moral concerns. Europe's adoption of BOT has already exposed several high-profile cases of corruption and criminal activity. For example, BOT registries allowed NGOs to uncover conflicts of interest involving Czech Prime Minister Andrej Babiš, revealing that he was the beneficial owner of a private company receiving EU subsidies while in office (The Guardian 2018). Similarly, investigative journalists used BOT data to trace assets held by oligarchs linked to Vladimir Putin's network following Russia's invasion of Ukraine, increasing public scrutiny and accountability (ICIJ 2022).

Despite global progress in adopting BOT mandates, there is limited academic evidence on the economic consequences of ownership transparency. AWW's paper addresses this gap by examining how BOT regulation affects cross-border investment. By highlighting public scrutiny as a mechanism for civic action and accountability, the paper contributes to a broader understanding of how transparency shapes informal institutions and economic behavior. This also situates AWW's work within the literature on institutions and development, an area recently recognized by the 2024 Nobel Prize awarded to Daron Acemoglu, Simon Johnson, and James Robinson (Royal Swedish Academy of Sciences 2024).

The remainder of my discussion is structured as follows. In Section 2, I position AWW's paper within the existing literature on the real effects of non-financial disclosure mandates and

highlight its main contributions. In Section 3, I evaluate AWW's evidence, focusing in particular on challenges in measuring illicit activity and the implications of voluntary FDI data reporting by EU member countries. In Section 4, to contextualize the paper's findings, I present new survey evidence on private firms' disclosure practices and assess how privacy concerns and recent legal rulings have reshaped the evolving landscape of beneficial ownership mandates and their potential impact on the public scrutiny mechanism. Section 5 draws on interview-based evidence to examine the practical use of BOT registries and presents a case study of the German Transparency Register, emphasizing the role of information acquisition and processing costs. In Section 6, I conclude and outline directions for future research.

2. Related Literature and Contribution

AWW contribute to the accounting literature on the real effects of non-financial disclosure mandates. Following Leuz and Wysocki (2016), I define real effects of disclosure as situations in which the disclosing person or reporting entity changes its behavior in the real economy (e.g., investment, use of resources) because of the disclosure mandate. I define non-financial disclosure mandates as government-required firm-level disclosures regarding activities that are not directly related to financial statement information. These types of activities are often described as environmental, social, and governance (ESG) activities. To position AWW's paper within this stream of research, I conducted a systematic review of empirical studies on the real effects of non-financial disclosure mandates published between 2010 and 2024 in the *Journal of Accounting and Economics* (JAE), *Journal of Accounting Research* (JAR), and *The Accounting Review* (TAR).[3] As shown in Figure 1, scholarly attention to the real effects of non-financial disclosure mandates increased substantially between 2010 and 2024. This rise is evident both in the cumulative number

[3] In particular, I searched the journal websites for the keywords "nonfinancial disclosure", "ESG disclosure" and "mandatory disclosure". In addition, I examined downward citations from Christensen et al. (2017).

of published articles on the topic (left axis) and in the share of total journal space these articles occupy (right axis). This academic trend seems to overlap in time with a sharp increase in public attention to non-financial and ESG disclosure regulation, as captured by global Google search trends in Figure 2. The alignment in timing between Figures 1 and 2, particularly the steep rise beginning around 2019, suggests that accounting research often follows and responds to broader societal and policy debates in an endogenous way, much like disclosure mandates, which are themselves shaped by the same underlying forces.

In Table 1, I categorize the 37 reviewed studies based on the types of effects and underlying mechanisms they examine. This classification reveals several notable patterns that help illustrate AWW's contribution. First, as shown in Panel A, nearly all studies (97%) in the accounting literature on the real effects of non-financial disclosure mandates document an average treatment effect. In contrast, AWW do not identify an average treatment effect; their central result is cross-sectional in nature, showing that the FDI decline into the EU is only concentrated among origin countries classified as financial havens. Second, if a disclosure mandate is effective, one would expect firms to perceive compliance as costly and, in response, engage in behaviors to circumvent it. However, as shown in Panel A, only a small share of studies (5%) in this literature examines such avoidance behavior. AWW fill this gap by explicitly focusing on avoidance, studying which firms engage in it. Third, as shown in Panel B, most studies (62%) examine public pressure or reputational costs as the primary mechanism. AWW study this channel as well but also emphasize stricter enforcement, an aspect explored in only 14% of prior work. Finally, while 92% of the reviewed papers rely on empirical-archival methods and mainly use cross-sectional variation to substantiate their mechanisms, AWW differentiate themselves by combining archival analyses with field evidence.

Overall, AWW (2025) make three contributions to the literature. First, they provide evidence that BOT-style mandates intended to deter illicit activity can be ineffective or even counterproductive. Second, the paper distinguishes between illicit and non-illicit investments, revealing differential impacts of BOT mandates across these categories. As I discuss in Section 3, this distinction is particularly important for interpreting the economic implications of ownership transparency regulations. Third, AWW's focus on avoidance behavior in the context of illicit activity is relatively rare in the literature and thus represents a valuable contribution.

At a high level, these aspects have all at some point been explored by prior accounting research over the past several decades. However, they have not been examined in the context of beneficial ownership disclosure. The only notable exception is Seregni (2024), who finds that BOT mandates improve public procurement outcomes by increasing competition, reducing corruption, and enhancing access for smaller firms. In contrast, AWW highlight the unintended consequences of BOT mandates and study avoidance behavior, offering important caveats to disclosure mandates aimed at combating illicit activity.

3. Evaluating AWW's Evidence

The central finding of AWW is that potentially illicit actors ("bad actors") avoid the BOT mandate and do not change their investment behavior, whereas likely legitimate actors comply with the disclosure requirement and reduce their investments. A useful conceptual framework to rationalize this result is one in which the net benefits of avoidance are positive for bad actors but negative for legitimate actors. This may be due to several reasons.

First, and intuitively, the returns to engaging in illicit activities (e.g., drug trafficking, money laundering) are typically higher than those from legitimate activities. As a result, non-compliance tends to be more financially advantageous for bad actors than for legitimate firms.

Second, bad actors may face lower costs of avoiding disclosure because they are more willing to engage in illegal or unethical behavior, and therefore experience less disutility from non-compliance. Given that returns to illicit activity remain high and avoidance costs are relatively low, bad actors continue to derive net positive benefits from non-compliance after BOT. In contrast, the net benefits may turn negative for legitimate actors, leading them to reduce or withdraw investment. Thus, illicit actors continue to invest while evading BOT, whereas legitimate actors comply and scale back their cross-border investments.

In the remainder of this section, I assess the empirical evidence presented by AWW. Section 3.1 discusses challenges in distinguishing between illicit and legitimate investment activity. Section 3.2 examines the implications of voluntary FDI data reporting by EU member countries and how this may affect the estimated impact of BOT on cross-border investment.

3.1 Challenges in Measuring Illicit Activity

A key contribution of the paper is its analysis showing that FDI from financial havens into EU countries decreases following the adoption of BOT mandates. If BOT successfully deters illicit investment, this is a desirable outcome. However, if it unintentionally discourages legitimate investment, it becomes an unintended and potentially undesirable consequence. The challenge lies in distinguishing between illicit and legitimate investment, as illicit activity is inherently difficult to observe.

To differentiate between potentially illicit and likely legitimate investors, the paper uses red-flag data from Orbis, which draws on the LexisNexis WorldCompliance database. This dataset flags firms, managers, or shareholders based on two criteria: (i) links to money laundering or other illicit activities, such as terrorism financing, or inclusion on governmental sanctions lists; and (ii) classification as politically exposed persons (PEPs), who are subject to additional scrutiny due to

corruption risk. Investments linked to firms with red-flagged owners are classified as "potentially illicit," while those without red flags are considered more likely to be legitimate.

While AWW's approach provides a systematic method for measuring illicit activity, it also introduces certain limitations that merit discussion. One issue concerns the interpretation of the null result for potentially illicit investors. The paper suggests that illicit actors avoid BOT mandates and maintain their investments by circumventing compliance. However, an alternative explanation is that these actors do not significantly adjust their behavior because they are already flagged in the WorldCompliance database. If these individuals and firms are already under scrutiny, BOT may provide little new information. Thus, the null effect may reflect regulatory redundancy rather than avoidance.

A second limitation relates to a subgroup of individuals with red flags in the LexisNexis WorldCompliance database, namely politically exposed persons (PEPs). PEPs are not necessarily engaged in illicit activities, and their inclusion in the red-flagged category could mechanically drive some of the empirical results. For instance, it is possible that PEPs, such as former and current politicians, may be more likely to found businesses due to their networks and risk preferences. Importantly, the paper treats listing the manager as the default beneficial owner as a distinct outcome, separate from full compliance with BOT requirements. Specifically, AWW note that while their data do not allow for a determination of whether a firm has ultimate beneficial owners that should be disclosed, listing the manager as the beneficial owner could be a way to formally comply with the regulation without disclosing the true beneficial owner(s). If PEPs act as owner-managers of their firms, which is plausible and often the case, this could lead to a mechanically positive association between red-flag status (of which PEPs are a subset) and the paper's third compliance outcome for ownership transparency ("*Manager as Default*"), which AWW classify

as distinct from compliance. The relationship reported in Table 6 of AWW's paper may therefore reflect the owner-manager role of PEPs rather than deliberate avoidance behavior.

A third limitation concerns how the potential misclassification of illicit investment may distort the interpretation of AWW's central result that investments linked to non-illicit activities decline following BOT mandates, while illicit investments remain largely unaffected. This conclusion may be misleading if some illicit investments are not captured by the red-flag criteria and are instead incorrectly classified as non-illicit. In this case, an actual decline in illicit activity following the BOT mandate would appear in the data as a decline in legitimate investment.

3.2 Voluntary FDI Data Reporting

An important consideration in assessing AWW's estimated FDI effects is how EU member countries report their FDI data to Eurostat, the statistical office of the EU. Importantly, reporting FDI data to Eurostat is *voluntary* and left to the discretion of each member country (Eurostat 2024). It is common for EU countries to withhold FDI data for reasons of confidentiality by applying confidentiality flags, which are explicitly marked in the raw dataset. These flags are often used to prevent the identification of individuals or entities associated with specific investments.

In Table 2, I tabulate the share of bilateral FDI stock observations flagged as confidential for each EU country and year between 2014 and 2019. The table includes all countries that had adopted a BOT registry by the end of the sample period in 2019. Each cell reports the proportion of confidentially flagged observations relative to all bilateral FDI observations reported by that country and year. I document substantial heterogeneity in FDI data reporting and confidentiality practices across countries and over time. For example, Austria's bilateral FDI stock data is entirely flagged as confidential, whereas countries such as Bulgaria, Croatia, and Greece report their FDI data without any confidentiality flags. Other countries show variation across years. For instance,

Spain flagged 97% of its bilateral FDI observations as confidential from 2014 to 2017, but this share dropped to 31% in 2019.

The observed variation in FDI data reporting raises the possibility that changes in FDI stocks after BOT may partly reflect shifts in reporting behavior rather than underlying investment activity. Given the discretionary nature of FDI data reporting, BOT mandates could impact whether and how countries report to Eurostat. The direction of this effect is ambiguous and could plausibly go either way. On the one hand, the introduction of BOT mandates may reduce the perceived need for confidentiality flags. If ownership data are already publicly disclosed, countries might be more willing to report FDI data without restrictions, leading to more comprehensive reporting. On the other hand, the BOT mandate could lead to reduced FDI data reporting. The combination of BOT and FDI data may raise privacy concerns or violate privacy laws, as it would not only reveal the amount of foreign investments, but also link the investments to identifiable individuals. In response, countries may become more conservative in their FDI data reporting by applying more confidentiality flags. Moreover, increased disclosure requirements may prompt strategic responses from certain actors. In particular, actors who prefer to remain opaque could exert pressure on governments to classify more of their FDI data as confidential in response to BOT mandates.

These potential impacts on reporting behavior highlight that changes in how EU countries report to Eurostat could lead to over- or underestimation of BOT's effect on cross-border FDI. Future research could build on AWW's work and directly examine how ownership transparency affects national FDI reporting practices.

4. Privacy Concerns and Future BOT Mandates

In this section, I discuss the growing importance of privacy concerns and the evolving landscape of BOT mandates. While AWW (2025) focus on the period from 2014 to 2019, placing their findings into a broader regulatory context is useful, especially in light of major post-2022 developments and growing concerns about potential privacy infringements associated with ownership disclosure requirements.

In Section 4.1, I present new survey evidence on how privacy concerns shape disclosure practices of private firms. In Section 4.2, I discuss the shifting regulatory landscape for future BOT mandates, which, consistent with the survey findings, reflects a growing tension between transparency objectives and the protection of individual privacy.

4.1 Privacy Concerns

AWW (2025) focus on private firms, and a particularly distinctive feature of their setting is the significant role of privacy concerns. While privacy issues are often associated with individuals, they are potentially an equally relevant concern for private firms, especially in the context of regulatory efforts to increase ownership transparency.

A large empirical literature in accounting highlights frictions and drivers of voluntary firm disclosure, including proprietary costs (e.g., Berger and Hann 2007; Bernard 2016; Glaeser 2018; Li et al. 2018), agency costs (e.g., Berger and Hann 2007; Hope and Thomas 2008), dissemination and preparation costs (e.g., Allen et al. 2022), political costs (e.g., Watts and Zimmerman 1978; 1986), and litigation risk (Skinner 1994; 1997). Yet within this literature, privacy concerns are relatively understudied. To assess their relevance, I present new survey evidence suggesting that privacy is a first-order consideration for private firms globally when making disclosure decisions.

In Colonnelli and Rauter (2025), we conduct large-scale, cross-country surveys with over 1,000 private firms of various sizes and sectors across 10 developed and developing countries.[4] We sample firms with at least 10 full-time employees that operate in the services, trade, or manufacturing sectors. Our surveys consist of hour-long, in-depth moderated interviews with owners and financial managers focusing on corporate financial transparency practices.

As part of the survey, we asked firms about their reasons for *not* disclosing information voluntarily.[5] Figure 3 presents the average responses to this question. Our preliminary evidence based on 1,028 interviews highlights that privacy concerns are the most significant factor driving firms' reluctance to disclose information, with an average score of 3.85 out of 5. Privacy concerns rank higher than all other considerations, including the risk of information leakage to competitors (3.77), the risk of government action (2.94), the risk of litigation from third parties (2.76), and preparation and dissemination costs (2.68). These results are also consistent with recent evidence from Minnis and Shroff (2017), Müller et al. (2023), and Gassen and Muhn (2024), who show that privacy concerns matter for the disclosure decisions of private firms in other contexts. Overall, the evidence suggests that privacy concerns are a first-order determinant of private firm disclosure.

4.2 Future BOT Mandates

Consistent with the survey evidence presented in the previous section, privacy concerns have become a central issue in the debate over ownership transparency mandates. In 2022, the Court of Justice of the European Union (CJEU) ruled in joint cases C-37/20 and C-601/20 that public access to beneficial ownership registries violates the fundamental right to privacy under the

[4] We surveyed private firms from the following 10 countries: Brazil, Ethiopia, India, Kenya, Mexico, Nigeria, the United Kingdom, the United States, Uganda, and Vietnam.

[5] Specifically, we ask: "In your sector, many firms decide NOT to release information voluntarily. Why do you think that is the case?" To capture the relevance of various factors influencing the disclosure decision, we ask respondents to rate the following five reasons on a scale from 1 (not at all relevant) to 5 (extremely relevant): privacy concerns, risk of information leakage to competitors, risk of government action, risk of litigation by third parties, and preparation & dissemination costs.

EU Charter. The cases involved a private individual and a company that sought to withhold their beneficial ownership information from Luxembourg's BOT register. In Case C-37/20, the individual argued that disclosure "would seriously, actually and immediately expose him and his family to disproportionate risk, risk of fraud, kidnapping, blackmail, extortion, harassment, violence or intimidation." In Case C-601/20, the company claimed that public access "would infringe the right to respect for private and family life and the right to the protection of personal data, enshrined respectively in Articles 7 and 8 of the Charter" (Court of Justice of the European Union, 2022; OCCRP, 2023). More broadly, publicly available BOT data could be linked to financial statement information, potentially exposing individuals to blackmail, identity theft, or physical harm.

Following the CJEU ruling, many EU member countries restricted public access to BOT registries to legitimate interest parties only, including law enforcement agencies, financial institutions, and certain professionals such as approved journalists or legal representatives. Prior to the ruling in 2022, 22 of the 27 EU member countries (81%) had public BOT registers. However, just one year later, only 14 countries kept public registers (52%), marking a substantial regulatory reversal within just one year of the CJEU ruling (Transparency International 2023).

These changes raise questions about the continued effectiveness of the public scrutiny mechanism. Previously, public access to BOT registries enabled journalists, civil society organizations, and independent researchers to monitor corporate ownership structures, detect illicit activity, and promote accountability. With restricted access, the costs of obtaining and analyzing beneficial ownership data have increased, potentially reducing their use for oversight. NGOs and media organizations have voiced concerns that, without public access, the deterrent effect of BOT mandates may weaken (Le Monde 2022; Transparency International 2022; Open Ownership 2023;

Politico 2023). Restricted BOT access could increase information acquisition and processing costs, which may render the public scrutiny mechanism less effective (Blankespoor et al. 2020).

For the public scrutiny mechanism to function effectively, three conditions need to be in place: (1) BOT mandates need to provide new and useful information for monitoring; (2) firm owners need to believe they are under increased scrutiny; and (3) they need to perceive a credible threat of reputational consequences for non-compliance. If any of these conditions is not met, the effectiveness of BOT mandates may be weakened. Specifically, if owners perceive a lower risk of public exposure due to restricted access, the second and third conditions may no longer hold. As a result, firms are less likely to adjust their investment behavior in response to the BOT mandate. Whether restricted access still allows for effective public scrutiny remains an open empirical question.[6]

5. Fieldwork on BOT Registries

5.1 Insights from Interview with Investigative Journalist

As discussed in the previous section, the extent to which the public scrutiny mechanism can remain effective in a landscape where many registries are accessible only to legitimate interest parties remains an open question. To explore the practical implications of these restrictions, I conducted a one-hour-long qualitative interview with an experienced investigative journalist based in Slovenia, who over the past 15 years has uncovered several major corruption and tax scandals in the EU. A key question I explored was to what extent investigative journalists actually use BOT registries in their work. Encouragingly, the journalist confirmed that BOT registries are

[6] Conversely, the enforcement mechanism in which regulatory agencies use BOT data for compliance purposes likely remains intact after the CJEU ruling. Because enforcement agencies qualify as legitimate interest parties, they continue to have access to beneficial ownership data despite the new restrictions.

a standard tool, particularly during preliminary investigations, as they save both time and money in developing a story.

In our conversation, we also discussed the extent to which investigative journalism may become more difficult now that public access has been restricted. The journalist emphasized that limiting registries to legitimate interest parties is likely to pose a significant burden for investigative work. First, when registries are restricted to legitimate interest parties only, journalists are required to have a specific lead before accessing the portal, making open-ended investigations significantly more challenging. As an example, he highlighted a tax scandal involving Volkswagen, which he uncovered by openly browsing the BOT registry in Luxembourg (Spiegel 2017). He emphasized that had the registry been restricted to legitimate interest parties only, he likely would have never found that story, as he did not have a specific lead in mind and was instead conducting exploratory research using the publicly available registry.

Another concern he raised was personal security and the potential for retaliation when using restricted BOT registries (ICIJ 2020). To access these registries, journalists must register and log in as legitimate interest parties, meaning their searches are saved under their user account. If a journalist's computer or email account gets hacked, an attacker could gain access to the registry portal and view exactly which names, companies, or entities the journalist has been investigating. This could expose sensitive leads and tip off bad actors, increasing the risk of intimidation or other forms of harassment against the journalist.

Finally, accessing information from restricted BOT registries often involves monetary fees. The journalist noted that several BOT registries across the EU charge for requests, with fees ranging from €1 per query to as much as €27 (Transparency International 2021). Journalists typically spend considerable time during the early stages of an investigation gathering background

information, which may require dozens of registry queries. Cumulatively, these costs can add up to non-trivial amounts, especially when developing a lead that may not result in a publishable story. This financial burden can discourage or significantly hinder investigative efforts, limiting journalists' ability to uncover illicit activity.

5.2 Case Study: Access Challenges in Germany's Transparency Register

To better understand how information acquisition and processing costs shape access to beneficial ownership data in the EU, this section examines the *Transparenzregister*, Germany's beneficial ownership registry, across three regulatory phases: its initial restricted-access period (2017–2020), the period of public access (2020–2022), and the return to restricted access following the 2022 CJEU ruling. The German case illustrates that access to the *Transparenzregister* has been especially difficult when limited to legitimate interest parties. Nevertheless, significant administrative burdens and costs have persisted even during periods of formal public access, underscoring how the practical usability of BOT data can remain limited regardless of the legal access regime in place.

Since its introduction in 2017 under the EU's 4th Anti-Money Laundering Directive (Directive (EU) 2015/849), accessing beneficial ownership information in Germany has been widely reported as cumbersome and difficult. A 2018 case study by Transparency International, conducted during the initial restricted-access phase, documents how Netzwerk Steuergerechtigkeit Deutschland, an NGO that met the legitimate interest criteria, submitted two requests to the register (Transparency International 2018). While access was ultimately granted, the NGO was required to provide additional documentation: in one instance, a two-page explanation of the request's purpose was deemed insufficient; in another, a journalist ID was requested, despite the fact that the request was not journalistic in nature. Each request was handled strictly on a case-by-case

basis, and no general access to the registry was provided. This lack of broader access made it difficult to conduct larger-scale investigative or analytical work using the data. The information obtained was heavily redacted, the process took over three weeks, and the cost was approximately €5 per entity.[7]

This restrictive model changed in 2020, when public access was mandated under the EU's 5th Anti-Money Laundering Directive (Directive (EU) 2018/843). However, a case study conducted during this period by Rosa-Luxemburg-Stiftung, a German nonprofit foundation and policy advocacy group, found that access to information remained difficult despite the legal shift (Rosa-Luxemburg-Stiftung 2020). According to the study, individuals were required to first register and apply for access, which was then reviewed individually by employees of the Bundesanzeiger publishing house. While most applications were processed within one to two working days, others—especially those that ultimately resulted in access to ownership information—took up to two weeks or even longer than a month. Only after approval could individuals determine a beneficial ownership entry even existed and then purchase it for approximately €2. The study further noted that accessing each retrieved BOT document required navigating through 17 clicks. Therefore, even during this period of public access, the process remained constrained by relatively high administrative burdens.

Finally, following the 2022 CJEU ruling, the German BOT register reverted to being accessible only to legitimate interest parties, a shift that reintroduced additional layers of administrative friction compared to the period of public access. According to Transparency International, access remains a complex and burdensome process, requiring applicants to register

[7] Another important issue with the German BOT register, separate from accessibility, is its significant data gaps and lack of reliability. For example, in 2022, even five years after its launch in 2017, fewer than half of the obligated entities had submitted beneficial ownership data, and the register is not audited, limiting its usefulness for investigations (NDR 2019; Bund Deutscher Kriminalbeamter 2022).

and submit detailed documentation demonstrating a legitimate interest for each request (e.g., proof of a professional role related to money laundering investigations) (Transparency International 2023). Even when access is granted, obtaining beneficial ownership information can take anywhere from 24 hours to several weeks.

Overall, these institutional details underscore the inefficiencies involved in retrieving BOT information from the German register, particularly during periods when access is restricted to legitimate interest parties, and the frustration experienced by users. These challenges are also indicative of similar barriers encountered in other national registers.[8]

6. Conclusion

Beneficial ownership transparency mandates have emerged as a popular policy tool over the past decade to combat illicit financial activities, such as money laundering, corruption, and tax evasion. Amberger, Wilde, and Wu (2025) examine the cross-border investment effects of BOT mandates in the EU. They find that while BOT reduces investment from non-EU tax havens, the transparency regulation appears to unintentionally discourage legitimate investors without deterring illicit ones, who instead seem to adapt through avoidance strategies.

AWW's evidence suggests that BOT mandates may encourage the repatriation of some economic activity, allowing it to be taxed directly in the EU countries where it ultimately occurs. At the same time, privacy concerns continue to shape the evolving transparency landscape. Recent policy developments point to a broader shift back toward more restricted access to beneficial ownership registries, raising the possibility that we may return to a world in which little public information about beneficial owners will be available, similar to the pre-BOT era. For example, the U.S. Treasury Department's recent suspension of enforcement of the Corporate Transparency

[8] See, for example, similar reports of issues in processing legitimate interest requests from the United Kingdom: https://questions-statements.parliament.uk/written-questions/detail/2023-09-11/HL10013/.

Act for domestic reporting companies underscores the ongoing debate around balancing ownership transparency with privacy protection (U.S. Department of the Treasury 2025). As a result, the public scrutiny mechanism may be at risk of becoming ineffective, as privacy concerns increasingly limit the accessibility of BOT data and restrict the ability of watchdogs to effectively monitor potentially illicit activities. However, this shift toward greater privacy may not be inherently problematic: AWW's evidence suggests that, if anything, public BOT mandates tend to discourage legitimate investment more than they succeed in deterring illicit activity.

There are several promising avenues for future research. First, better methods are needed to improve the measurement of illicit financial activities. While this remains a difficult challenge, advances in big data and artificial intelligence may allow researchers to better distinguish between legitimate and illicit investments. Second, when accounting researchers identify transparency-induced investment effects, they should go beyond documenting the existence of such effects and consider their allocative and welfare implications. As Ball (2024) argues, even in reduced-form empirical settings, researchers should not shy away from engaging with broader questions of allocative efficiency and welfare. Third, more research is needed on privacy concerns and how they shape the disclosure behavior of private firms. Finally, the role of information acquisition and processing costs in watchdog monitoring remains relatively understudied and represents an important area for future research as it could offer policy-relevant insights into how transparency mandates enable or fail to enable accountability in different contexts.

Declaration of Generative AI and AI-assisted Technologies in the Writing Process

During the preparation of this work the author used ChatGPT in order to improve language and readability only, and with caution. After using this tool, the author reviewed and edited the content as needed and takes full responsibility for the content of the publication.

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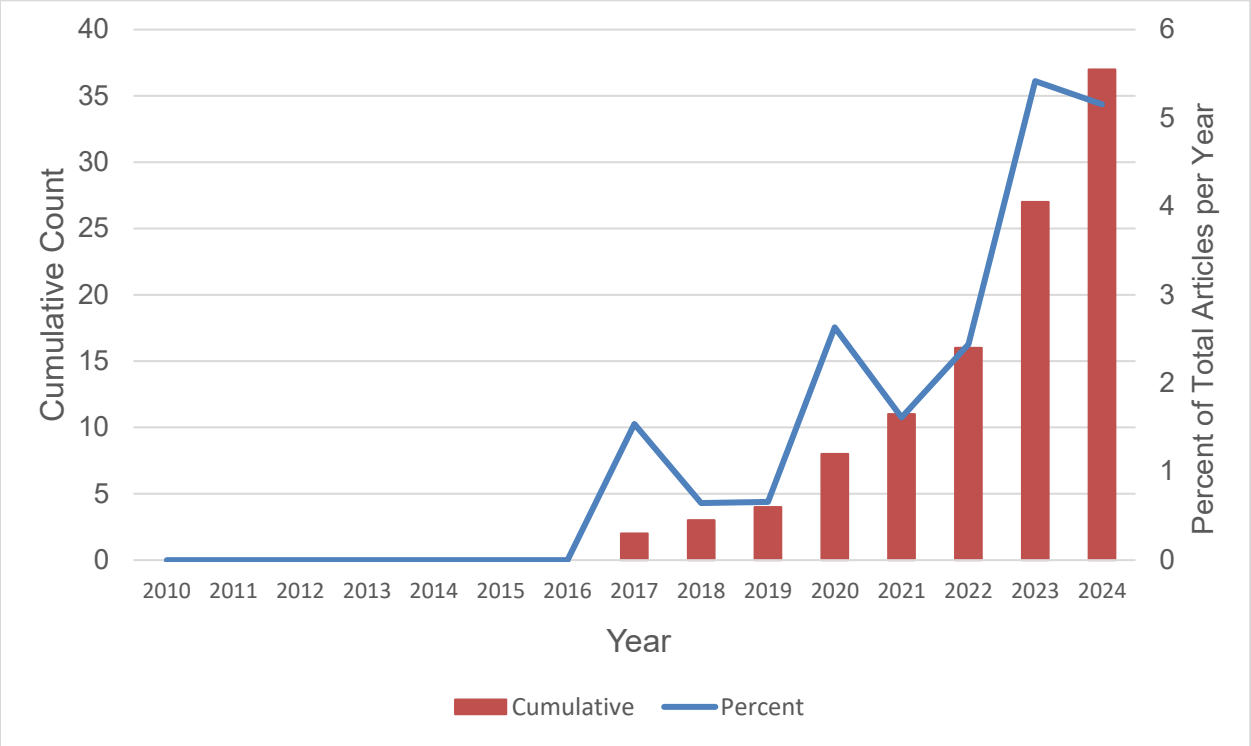
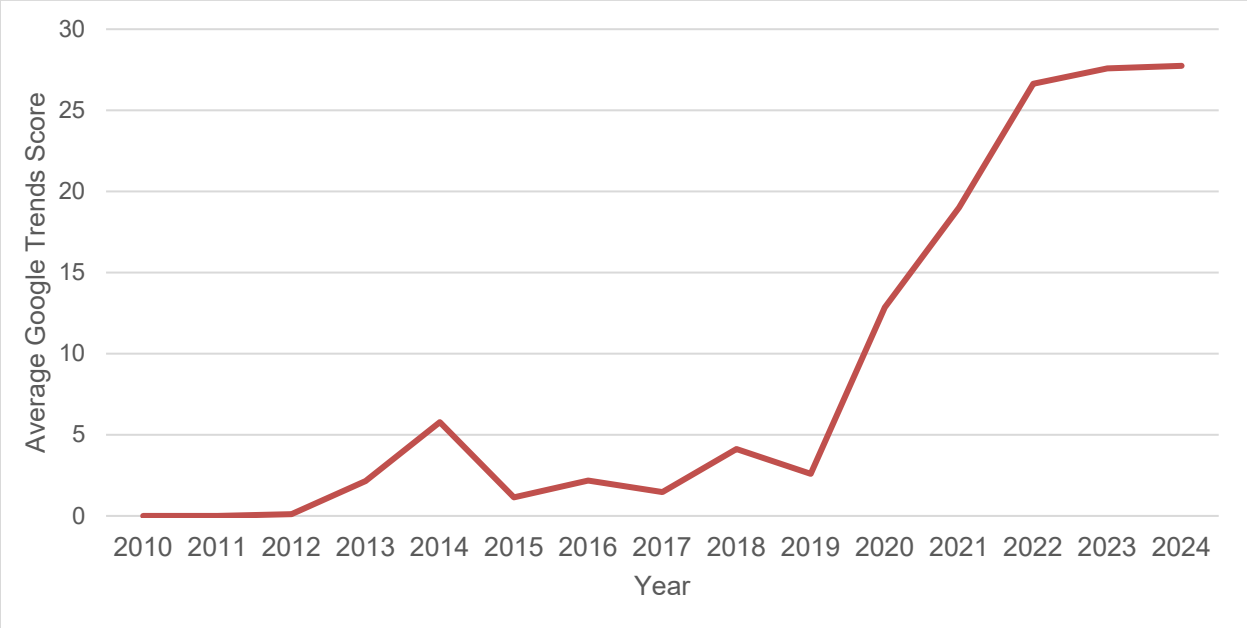
Figure 1: Empirical Studies in JAE/JAR/TAR on Real Effects of Non-Financial Disclosure Mandates



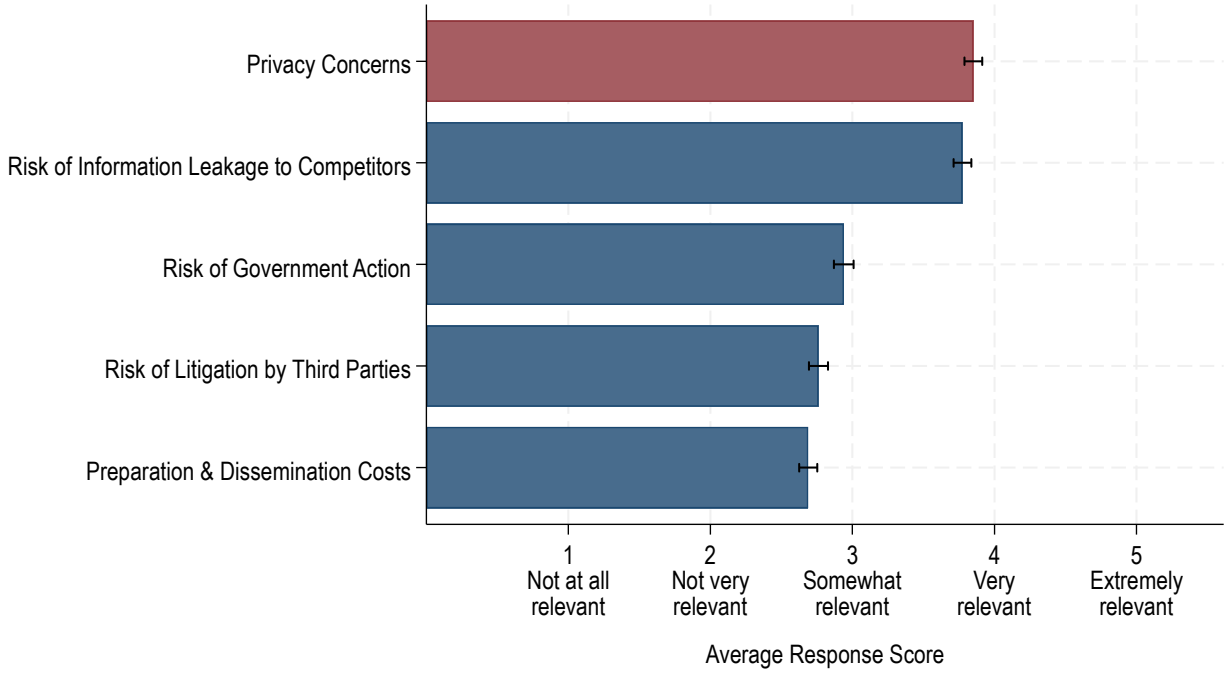
Notes: This figure presents two metrics related to empirical studies on the real effects of non-financial disclosure mandates, published between 2010 and 2024 in the *Journal of Accounting and Economics* (JAE), *Journal of Accounting Research* (JAR), and *The Accounting Review* (TAR). The red bars indicate the cumulative number of such studies over time (left axis), while the blue line shows the percentage of these studies relative to the total number of articles published in the three journals in a given year (right axis).

Figure 2: Google Search Trends for Non-Financial and ESG Disclosure Terms



Notes: This figure shows global Google Trends data from January 1, 2010, to December 31, 2024 using data retrieved on April 11, 2025. The data are based on the worldwide search popularity for the following six keyword phrases: (1) Non-financial disclosure, (2) Non-financial disclosure regulation, (3) Non-financial disclosure mandate, (4) ESG disclosure, (5) ESG disclosure regulation, and (6) ESG disclosure mandate. For each month, Google Trends scores (scaled from 0 to 100) were summed across the six search terms. These monthly totals were then summed by year and normalized to a scale from 0 to 100 by dividing by 72 (i.e., 6 terms × 12 months) to compute the average yearly search popularity. Higher values indicate a greater average search interest across the six terms in a given year. The underlying Google Trends scores are scaled from 0 to 100, but the y-axis is truncated at 30 for visual clarity.

Figure 3: Privacy Concerns and Private Firm Disclosure



Notes: This figure illustrates the average response to the question: "In your sector, many firms decide NOT to release information voluntarily. Why do you think that is the case?" Respondents rated each option on a scale from 1 (not at all relevant) to 5 (extremely relevant). The data is based on a survey conducted by Colonnelli and Rauter (2025), which includes responses from 1,028 owners and financial managers of private firms across 10 countries.

Table 1: Effects and Mechanisms Studied in JAE/JAR/TAR Publications on Real Effects of Non-Financial Disclosure Mandates

Panel A: Effects Studied

Effect	*Yes*	*No*	*Percent*
Main Effect	36	1	97%
Focal Firm Effect	35	2	95%
Reallocative Effect	10	27	27%
Aggregate Effect	12	25	32%
Adoption Frictions	10	27	27%
Avoidance Behavior	2	35	5%

Panel B: Mechanisms Studied and Substantiated

Mechanism	*Count*	*Percent*
Public Pressure/Reputational Costs	23	62%
Peer Effects	7	19%
Stricter Enforcement	5	14%
Better Managerial Information	1	3%
Other	1	3%
Substantiation of Mechanism	***Count***	***Percent***
Empirical Tests	34	92%
Field Evidence	3	8%

Notes: This table shows the number of empirical studies on the real effects of non-financial disclosure mandates published in the *Journal of Accounting and Economics* (JAE), the *Journal of Accounting Research* (JAR), and *The Accounting Review* (TAR) between 2010 and 2024, categorized by effect studied (Panel A) and mechanism studied and substantiated (Panel B). The categories in Panel A are not mutually exclusive, whereas those in Panel B are.

Table 2: Share of Confidential FDI Stock Observations across the EU

	Year					
EU Member Country	2014	2015	2016	2017	2018	2019
Austria	1.00	1.00	1.00	1.00	1.00	1.00
Belgium	0.42	0.42	0.35	0.34	0.57	0.64
Bulgaria	0.00	0.00	0.00	0.00	0.00	0.00
Croatia	0.00	0.00	0.00	0.00	0.00	0.00
Cyprus	0.20	0.24	0.20	0.18	0.21	0.23
Czechia	0.16	0.13	0.10	0.10	0.10	0.10
Denmark	0.04	0.12	0.11	0.10	0.09	0.08
Estonia	0.24	0.27	0.22	0.22	0.09	0.14
Finland	0.08	0.06	0.06	0.09	0.07	0.00
France	0.75	0.76	0.69	0.70	0.67	0.70
Germany	0.22	0.28	0.19	0.19	0.16	0.38
Greece	0.00	0.00	0.00	0.00	0.00	0.00
Hungary	0.16	0.16	0.16	0.13	0.18	0.33
Ireland	0.45	0.30	0.21	0.45	0.42	0.39
Italy	0.00	0.00	0.00	0.00	0.00	0.00
Latvia	0.06	0.06	0.03	0.05	0.07	0.04
Lithuania	0.16	0.18	0.16	0.14	0.21	0.21
Luxembourg	0.85	0.85	0.85	0.85	0.85	0.84
Malta	0.99	0.99	0.99	0.99	0.99	1.00
Netherlands	0.69	0.65	0.61	0.74	0.00	0.46
Poland	0.00	0.00	0.00	0.00	0.00	0.00
Portugal	0.32	0.38	0.39	0.44	0.47	0.82
Romania	0.41	0.53	0.44	0.44	0.41	0.22
Slovakia	0.12	0.10	0.16	0.19	0.12	0.02
Slovenia	0.00	0.00	0.00	0.00	0.00	0.00
Spain	0.97	0.97	0.97	0.97	0.50	0.31
Sweden	0.22	0.21	0.15	0.15	0.14	0.20

	Very Low	Low	Medium	High	Very High
Color Legend:	0.00-0.10	0.11-0.30	0.31-0.70	0.71-0.90	0.91-1.00

Notes: This table reports the share of FDI stock observations flagged as confidential by EU member country and year between 2014 and 2019. The numerator is the number of confidentially flagged FDI stock observations for a given country and year. The denominator is the total number of FDI stock observations reported for that same country and year. Green cells indicate a very low proportion (0.00–0.10), light green a low proportion (0.11–0.30), yellow a medium proportion (0.31–0.70), orange a high proportion (0.71–0.90), and red a very high proportion (0.91-1.00). The table includes all EU member countries that had adopted a beneficial ownership registry by the end of the sample period.