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TRANSCRIME

# BOWNET

identifying the Beneficial OWner of legal entities  
in the fight against money laundering NETworks



## The identification of beneficial owners in the fight against money laundering: the Final report of project BOWNET now online

While a proposal for a Fourth EU Anti Money Laundering Directive is being adopted by the EU Commission, lack of **data on the ownership structure of EU companies** still represents a serious obstacle for the fight against the misuse of corporate entities for financial crime purposes.

In order to address this problem, the research **project BOWNET** ([www.bownet.eu](http://www.bownet.eu)), funded by EU Commission, DG Home Affairs, and carried out by an International consortium coordinated by Università Cattolica del Sacro Cuore – Transcrime ([www.transcrime.it](http://www.transcrime.it)) has:

- Understood what information is used by EU competent authorities and intermediaries in investigations as regards the ownership structure of suspicious companies;
- Identified their main problems and needs ;
- Identified the level of availability of data on the ownership structure of EU companies;
- Explored where are these data stored, how they can be accessed, at which cost and in which data format;
- Suggested a range of EU policy and regulatory initiatives that could be taken to improve the access to company ownership information;
- Suggested a range of IT tools that could ease the identification of beneficial owners of suspicious corporate entities;

For doing so, the project has performed surveys on EU Law enforcement agencies, Financial Intelligence Units, financial and non-financial intermediaries; a review of software used in the anti-money laundering (AML) field; a comprehensive analysis of the public business registers of the 27 EU member states; a comprehensive analysis of other 150 public and commercial providers of data on the ownership structure of EU companies.

The analysis resulted in a **Final report** that can be downloaded from the following link:

[http://www.bownet.eu/materials/BOWNET\\_Final\\_report.pdf](http://www.bownet.eu/materials/BOWNET_Final_report.pdf)

### MAIN FINDINGS:

- **Data on shareholders and directors** of EU companies represent the information most frequently used by EU competent authorities and intermediaries when investigating companies suspected on money laundering;
- **Public business registers** still remain the data source most frequently accessed for getting ownership information;
- However significant problems exist regards the access to public business registers, especially **foreign ones**;
- Additional problems refer to the **timeliness** of the information provided by registers (both in terms of update and access to historical records) and to their **accuracy and reliability** (not easy to understand if data are verified, and by whom);



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- **Lack of interconnections among EU registers** and other data providers: more than 80% of the 150 data providers analysed cover only one country at the time. This makes it difficult to perform cross-border investigations, which are the most effective in tackling transnational financial crime;
- Data on **beneficial owners of EU companies** provided by only four business registers out of 27 EU countries;
- Names of **directors** of EU companies available in **92% of EU business registers**; names of **shareholders** available only in two-thirds of analysed registers;
- Much less publicly available is additional information such as the **dates of birth, addresses, ID/passport numbers**, which would be of great help in case of homonymy;
- Lack of ownership information as regards **unlimited companies, associations and foundations** (whilst limited companies are pretty well covered);
- **Lack of standardization** in terms of data formats (with PDF being the most common format, although not always OCR readable);
- **Commercial data providers** often guarantee a wider geographical coverage and a wider array of information and service but are often too expensive for EU competent authorities' needs. In addition there are concerns about their accuracy and reliability.

## But what could be done to improve the identification of beneficial owners and the fight against the misuse of EU companies for money laundering purposes?

In the light of the recent international and EU developments in this field, including the revision of FATF/GAFI Recommendations and the proposal for a fourth EU Anti-money Laundering Directive, the study has suggested a range of policy initiatives which could be taken at EU level:

- **Strengthening the access and the dissemination** of ownership and control information, in particular facilitating the access to foreign registers;
- Improving the **interconnection of EU business registers** by supporting EU existing initiatives (e.g. full implementation of Directive 2012/17/EU);
- Identifying an array of **company minimum basic information** (relative to companies' ownership structure) to be held and made available by business registers;
- Developing new IT support systems to facilitate collection of ownership information from registers based in different countries, so as to help **cross-border AML investigations**;

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