

# Ownership Transparency and Cross-Border Investment

Jaron Wilde, University of Iowa

## Abstract

We study the effect of ownership transparency—the disclosure of information about the true, human owner (“beneficial owner”) of an entity—on cross-border investment. Although ownership transparency is a major regulatory focus in numerous countries, we have limited evidence on how such transparency affects cross-border investment decisions. Exploiting the staggered implementation of ownership registers across EU countries, we find that investment from financial havens declines significantly following the adoption of ownership transparency initiatives.

This decline is concentrated in cross-border investment from financial havens, but not from non-EU countries generally, mitigating concerns that secular investment patterns drive the results. Moreover, public, but not private, ownership disclosures appear to drive the investment declines, underscoring the potential role public scrutiny plays in deterring financial-haven activity. Micro-level evidence from M&A transactions indicates that the reduction in investment is partly attributable to ownership transparency discouraging EU investors from investing in the EU via offshore financial havens. Overall, our study provides timely insights that are relevant to current policy deliberations surrounding ownership transparency.