VALUE OF CORPORATE TRANSPARENCY IN TACKLING CRIME

Policy Summary

October 2024

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1. Introduction

This section outlines the research objectives, approach and key findings of the project "The Value of Corporate Transparency in Tackling Crime".

1.1 Research objectives

The Company Register hosts a range of UK company information. This information describes the basic details of a company (e.g., name, location), its ownership, key management personnel, and financial performance. Previous research[1] into the user benefits of Companies House data has highlighted the significant value of this information (£1,800 - £3,100 per user per year, and £1-3 billion per year in aggregate; 2019 prices), clearly demonstrating that the Company Register is an asset to the UK business environment. The research also supported the policy case to maintain and improve the Company Register.[2]

Recent legislative reforms aim to introduce such improvements. The ECCT Act 2023 includes provisions to help Companies House prevent misuse of the Company Register for criminal purposes and share information with organisations tackling crime. Among other things, the reforms will increase the quantity of information on the Company Register and introduce measures to improve its reliability[3].

This research project was commissioned by DBT to estimate the value of the Company Register information for the specific use of tackling crime - both before and after the reforms provided for in the ECCT Act are implemented. The focus on users and uses for tackling crime addressed a specific gap in the evidence base that was not fully covered by the previous research on the value of Companies House information. The new research also estimated the benefit of improving the Company Register, extending the scope of the evidence base to incorporate values for enhancing the provision of corporate transparency information to users. These values reflect the current users' understanding of what the reforms will mean for their work.

The value of information contained in the Company Register for tackling crime was estimated for two user groups:

- **Public sector users (i.e. law enforcement agencies).** This user group comprises law enforcement agencies and public organisations which use corporate transparency information to serve the public interest. These

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[1] BEIS. 2019. Valuing the User Benefits of Companies House data.

[2] BEIS, 2022. Corporate Transparency and Register Reform White Paper.

[3] Examples of reforms to increase the quantity of information include further details of company shareholders; submission of small company profit and loss accounts). Examples of reforms to improve reliability include the introduction of Companies House powers to validate information (e.g., query and remove anomalies and errors on the Company Register), and new requirements to verify identities of company director and persons with significant control (PSCs). See Annex 1 for further information.

organisations may (or may not) have statutory obligations to investigate and gather intelligence on suspected instances of crime.

For this study, the focus was on uses of the Company Register in undertaking law enforcement activities by organisations with a statutory remit[4].

- **Private sector organisations subject to the Money Laundering Regulations (MLRs) ('AML-supervised businesses') and their Supervisors (AML Supervisors).** AML-supervised businesses are required to undertake certain activities under the MLRs. This includes performing customer due diligence, reporting discrepancies and ceasing transactions with customers suspected of money laundering. These businesses use Company Register information to profile their clients' identities and better understand the risks associated with undertaking business with a given customer. AML Supervisors are organisations also prescribed by the MLRs and have a supervisory or regulatory duty over their supervised population. This involves taking a risk-based approach, often involving desk- and site-based reviews, reviewing their supervisee's activities and compliance with the MLRs.

The research used a survey-based stated preference approach to estimate the economic value of the Company Register information for public and private sector users. For the private sector, the value is measured through the users' demand and willingness to pay (WTP) for this information *per organisation*. A different valuation approach was used for the public sector since these users of the Company Register are not the same individuals that control organisational budgets. They are, however, constrained by the availability and timeliness of information for case work. Therefore, public sector value is estimated through the users' willingness to wait (longer) to secure the necessary information, where the value of time is estimated using public sector salary information (see Annex Box 1 and Technical Report for more details).

1.2 Key findings

The following summarises the key results for private and public sector users, along with an assessment of the validity of results, and the interpretation and uses of the findings.[5]

Public sector users

- **Information on the Company Register contributes significant value to the public sector.** The value of the Company Register information pre-reform for these users is estimated to be **£2,600 *per user per year***. Due to the uncertainty

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[4] It is noted that there are a range of different public sector organisations that may not have statutory duties to tackling crime but use the Company Register information for similar purposes. These may include (but is not limited to) government-owned banks (e.g., British Business Bank), organisations which monitor the use of public sector funds (e.g., UK Infrastructure Bank), or policymakers themselves. This research therefore focuses on agencies with statutory powers to tackle crime, rather than those who may undertake activities which, in substance, contribute towards the same objective.

[5] Note that public and private sector user values are reported in differing units: annual £ value per private sector organisation (i.e. an individual business) versus annual £ value per public sector user (i.e. an individual employee).

around the total number of public sector users, aggregate benefits for the public sector are not reported here.

- **The most valuable information for public sector users currently is the non-public information held by Companies House** (which is available upon request to certain public sector organisations). This information represents around 80% of the value per user. The remaining value is mostly from the basic company information along with financial information, which was found to be important to a subset of public sector users.

- **Public sector users expect the reforms to Companies House to be beneficial.** Based on the public sector users' current understanding of changes to the Company Register, the reforms may contribute as much as 50% in additional value (£1,300 per user per year) to the current information on the Company Register.

- **Public sector users expect that the requirement for identity verification will be the most valuable aspect of the reforms.** In particular, for the identity of individuals who own and control companies.

Private sector users

- **The Company Register information also contributes significant value to private sector users for the purposes of AML compliance activities.** The average value of the pre-reform Company Register information for the private sector is estimated to be around **£4,400 *per organisation per year***. There is variation in average annual user values for large (£4,600 per organisation) and small (£1,100 per organisation) businesses.

- The aggregate benefit for private sector users is estimated to be in the region of **£170 - £460 million per year.** The variation in the aggregate estimates stems from different assumptions for aggregating annual user values across small and large businesses. The number of small and large businesses in the AML-supervised business population is currently not known. It is likely that the overall benefit would tend towards the lower end of the estimated range, given the expectation that there is a larger share of small businesses in the private sector user population than represented in the survey sample. This is based on the understanding of wider business population estimates from the Office for National Statistics (ONS) in 2023.

- **Private sector users currently value company information significantly more than financial information**. Around 80-90% of value is attributable to the detail provided for Company Directors and Persons with Significant Control

(PSCs), with the remaining 10-20% of the value attributed to the provision of financial information.[6]

- **Private sector users expect the legislative reform to Companies House to increase the overall value of information on the Company Register significantly.** The *additional* value of reform could be as much as **£210 - £400 million per year**. This range reflects different assumptions for aggregating user values across small and large businesses.

- **Private sector users expect all aspects of the reforms to benefit their AML compliance activities, with the requirements for company directors and PSCs to verify their identities valued the most.** Company Register powers to validate existing basic and financial information, and the provision of further financial information of small businesses, are considered less beneficial in terms of the added user value.

Validity of findings

- **The peer reviewer for the study concluded that the stated preference survey for both private and public users was well designed and followed the state-of-the-art approaches for its development and implementation.** A rigorous test re-test approach was implemented to develop the survey material and this was trialled across a range of public and private sector users to ensure it would be credible and well understood by respondents.

- **The estimated user values for the private sector are considered robust. There is a higher level of uncertainty for the public sector user values.** Private sector use values are suitable for use in broad-scale policy analysis and design. They are estimated from a relatively large sample of users (approx. 1,000 representatives) covering all business-types in the AML-supervised population. The estimated values for public sector users are more uncertain due to the small sample size that was achieved (less than 100 users) and the assumptions that are applied to value working time using readily available public sector salary information. The sample of public sector users were also heavy users of the Company Register and results may not be reflective of users who are either: (a) lower volume; or (b) have non-statutory obligations.

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[6] Throughout these reports, the terms 'PSC' and 'beneficial owner' are used. The term 'beneficial owner' is often used to loosely define someone who owns and controls a company. However, there are differing definitions in law relating to a 'beneficial owner', a 'PSC' and a 'beneficial owner' specifically in the context of the Register of Overseas Entities. A person with significant control (PSC) is someone who owns or controls a company and is defined under the Companies Act 2006. A company can have one or more PSCs, or none. A beneficial owner (as defined in the Money Laundering Regulations) is not always the same as a PSC. A registrable beneficial owner is any individual or entity that has significant influence or control over an overseas entity that owns (or information indicates they intend to own) UK land or property. In this report, 'PSC' is generally used when describing Companies House data, and 'beneficial owner' when discussing the Money Laundering Regulations.

Caution is therefore needed when using the public sector user values from either an individual benefit or aggregate perspective.

- **There is variation in preferences within each user group but it is not possible to provide reliable results.** This is because there are numerous combinations of factors (e.g., size and sector of business, type of criminal activity investigation, type of case work) which are expected to influence user values. Given the comparatively small sample sizes for specific segments of users or their differing characteristics with respect to use of the Company Register, it is not possible to provide statistically valid results at a more granular level of detail.

- **The finding that information concerning company directors and PSCs is valued more than financial information for the user groups of interest is an added insight to previous research**. Indeed, this difference is expected given the specific focus on uses of the Company Register that centre on identifying individuals behind corporate structures.

- **Estimated user values for the Company Register information are comparable to the cost of commercial products offering similar information**. There is significant variation in the cost of commercial products based on the survey responses (mean: £5,300 per month; median £82). This reflects the wide range in products and the quantity of information provided. The median value is similar in magnitude to the estimated user values and higher than reported in the previous research for commercial products (mean average monthly cost of £135; median monthly cost of £20). This again conforms with expectations for the specific users of interest who have legislative obligations with respect to understanding individuals behind corporate structures.

1.3 Interpretation and use of research findings

User values generated in this study represent a specific use case of Company Register information for a defined set of users. The results define more clearly the benefits to a subset set of users that were included in the previous research but not explicitly drawn out from the overall user values (across multiple user types) that were estimated. As such, estimated user values from this study cannot be interpreted as additive to those estimated by the previous research. They should also not be interpreted as a full replacement of the values from the previous study. Rather the results from this research help to better estimate the benefits of the Company Register to a distinct user group. A key outcome of this research is that it helps explain better the variation in user preferences for different aspects of the information held on the Company Register. It is an examination of an explicit use case which further demonstrates why, and for whom, the Company Register is a valuable UK business asset.

Private sector values of the Company Register pre-reform should be interpreted as the most robust set of results. This is because pre-reform values are based on users' actual experience of using the Company Register. These values are fit for purpose and use in policy assessment – particularly as a baseline estimate - but only in the context of users of the information for the specific purpose of tackling crime.

Private sector post-reform values are based on their current expectations and understanding of how their experience with the Company Register will change in the future. This is because the complete set of reforms are yet to be fully implemented and experienced by users. Nevertheless, the results from this research can be used to gauge the effectiveness of the ECCT Act 2023 and assess the expected added value of the legislative reform once implemented. This research can be repeated as part of the monitoring and evaluation cycle, and eventual review, to estimate the ex-post value of the reforms for comparison with the values generated in this research.

1.4 Research approach

The research approach followed the good practice for design and implementation of a stated preference survey[7]. It involved extensive user consultation, qualitative research to test the survey instrument and quantitative research to implement the survey and analysis.

Over 30 initial interviews were carried out with AML-supervisors, various law enforcement and public sector organisations to understand how corporate transparency information[8] contributes to various statutory obligations to tackle crime. These interviews laid the groundwork for the survey design (quantitative research) and interview topic guides (qualitative research).

The qualitative research featured participation from 21 organisations (18 private sector users; 3 public sector users). The purpose of the qualitative research was to provide additional insights which complement the findings from the quantitative analysis. Discussion topics focused on the main activities supported by the Company Register and the importance of different aspects of the Company Register to the private and public sector. The expected significance of the legislative reforms, based on the participants' understanding and interpretation of the changes introduced, was also discussed.

Separate survey versions were developed for the public and private sector users. The alternative version had a similar structure. The survey wording was tailored to be relevant to each user group through the testing process described above. A sample size of 1,009 users was achieved for the private sector and 70 users for the public

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[7] See for example Johnston et al, 2017. Contemporary guidance for stated preference studies.

[8] This is limited to not only information available from the Company Register, but also via other means (e.g., information requests, public searches). See the full report for further details.

sector.[9] Annex 2 provides further details on valuation approach for the public and private sector users.

1.5 Report structure

The remainder of this report is structured as follows:

- **Section 2** summarises the key results for public sector users.

- **Section** Error! Reference source not found. summarises the key results for private sector users.

- **Section 4** concludes with considerations for further research.

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[9] The population is 100,000+ businesses and 25 AML Supervisors for the private sector. The size of the public sector user group is unknown but may be in the range of 10,000 - 20,000 (see Technical Report).

2. Public sector users

This section summarises the key results for public sector users. It presents annual values for public sector users which use the Company Register information to tackle crime.

2.1 Using the evidence

The research results with respect to public sector users are a substantial step-forward in the understanding of the value of the Company Register. They are the first attempt to quantify the benefits for policy analyses and assess the added value of reforms to the Register. Prior to this study, the supporting evidence stemmed from limited qualitative research and anecdotal observations.

Notwithstanding the progress made by the research to develop a public-sector variant of the stated preference survey to provide comparative results to the private sector benefit estimates, are some limitations to highlight. Firstly, a relatively small sample size (n=70) was achieved. Overall, it is difficult to determine the representativeness of the sample and therefore the extent to which user preferences and values from the research can be interpreted as reliable results across the full span of public sector users. Indeed, it is understood that most respondents to the survey were heavy users of the Company Register for the purposes of tackling crime. Estimated values may, therefore, over-estimate the benefits to users from public sector organisations that use the information less regularly and for whom tackling crime is not the principal objective. In this regard, user values should be interpreted as indicative of the potential order of magnitude of benefits and appropriate caution is advised when reporting or using these results.

2.2 Uses of corporate transparency information

The public sector has a range of responsibilities, activities and powers. These are specific to each public sector agency and may be defined explicitly through legislation. Use of the Company Register can, therefore, be broad, and contribute to different social objectives. Nonetheless this research highlighted the following important activities towards which the Company Register contributes: (a) intelligence gathering; (b) analysis; (c) investigations; and (d) enforcement (see Technical Report for further details).

The Company Register is often used by public sector users during the early stages of their work. Generally, it is the publicly available information which is used first. This is because it is easy, quick, free to access, and compliments other information (e.g., general online searches and commercial products)[10]. This is particularly the case where turnaround times are short (i.e. to process and refer complaints for further investigation).

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[10] Approximately 90% of the public sector sample reported using the general internet searches or commercial products to complement the use of the Company Register for their work.

Many public sector users of the Company Register can also request non-public information. This is information accessible for certain organisations via legislative means (e.g. Data Protection Act 2016 or the Investigative Protection Act 2018). Roughly two-thirds (65%) of the survey respondents reported that they routinely request non-public information for use in their daily case work.

Information describing individuals (or corporates) that manage and control the affairs of a company (e.g. Company Directors, PSCs) was the most regularly used publicly available information by respondents (Figure 2.1). This conforms with the nature of the work for many of these users, which focuses on identifying individuals behind corporate structures that may be facilitating crime. In contrast, the use of financial statements may be either less common or specialised for particular case (or crime) types (e.g. official receivership cases at the Insolvency Services).
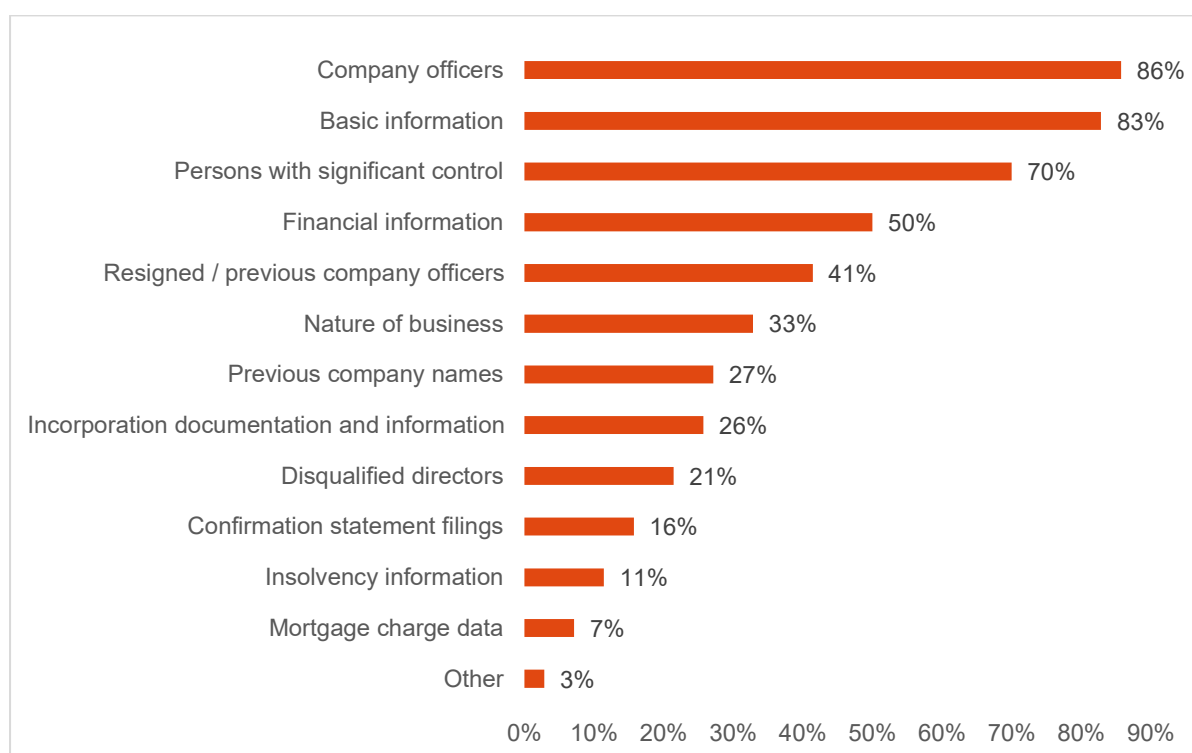

FIGURE 2.1: MOST IMPORTANT ASPECTS OF PUBLICLY AVAILABLE INFORMATION – PUBLIC SECTOR USERS (N=70)

2.3 Public sector views on legislative reforms

Figure 2.2 shows how the public sector rank the legislative reforms under the ECCT Act. Public sector users prefer legislative reforms that improve the reliability of information linked to individuals who manage or own businesses (e.g., company directors and PSCs). The public sector have particularly strong preferences around the identity verification of company directors, with weaker (albeit positive) preferences for identity verification of PSCs, further shareholding information, and information validation.

Aspects of the reforms concerning Limited Partnerships, and micro and small entities submitting profit and loss account, as well as greater disclosure for PSC exemptions, are deemed less beneficial for public sector users tackling crime.
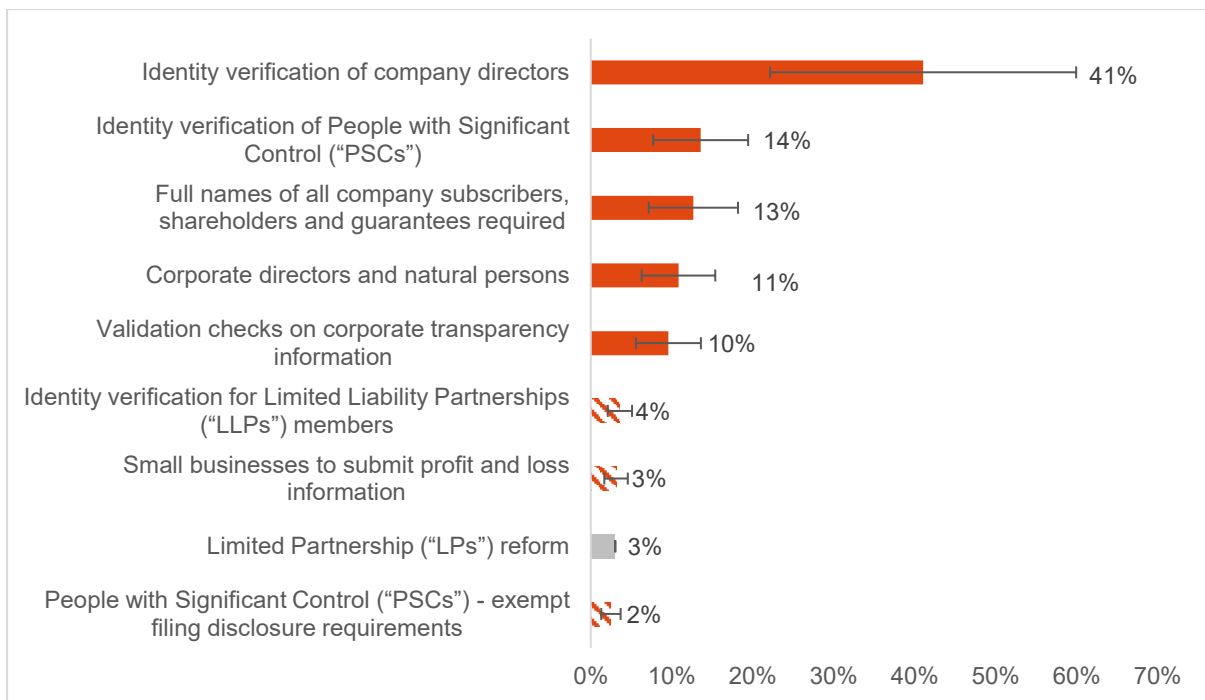

FIGURE 2.2: RELATIVE IMPORTANCE SCORES[11] FOR PUBLIC SECTOR USERS[12] NOTE: ERROR BARS INDICATE THE 95% CONFIDENCE INTERVAL RANGE

2.4 Value of Company Register
2.4.1 Pre-reform value
Figure 2.3 presents the estimated annual user value of the pre-reform Company Register for the public sector. The greatest value was assigned to non-public information (£2.1k per user per year; c.80% of the total value of the Company Register).

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[11] Results are presented as importance scores on a standardised scale between 1 and 100. Each score indicates the relative strength of preference (i.e. priority) that respondents assigned to each aspect of the Company Register reform. A higher score denotes a stronger preference for that aspect of the reforms relative to a base case. These do not represent monetary values but rather measures of the strength of preferences that inform on the relative importance or benefit of the different aspects of reforms to public sector users.

[12] Rank ordered logit model. Bars with diagonal stripes indicate impact scores are not statistically different from the base. Base is highlighted in grey.

FIGURE 2.3: PRE-REFORM VALUE ESTIMATES FOR PUBLIC SECTOR USERS OF THE COMPANY REGISTER (£/USER/YEAR). NOTE: ERROR BARS INDICATE THE 95% CONFIDENCE INTERVAL RANGE

2.4.2 Value of the reforms

The legislative reforms were valued similarly (between £0.5k and £0.6k per user per year), with a small preference for identity verification (Figure 2.4). A general preference for identity verification over information validation conforms with expectations, since public sector users have multiple evidence sources across which information can be validated already (i.e. substitutes are available).

In combination with information validation, the value of the reforms to this group was estimated to be around an *additional* £1.3k per user per year. The results therefore suggest a possible increase in the total value of the Company Register for the public sector of around 50%. Note that this is a generalisation across different types of public sector users and different types of use, and should be treated with caution given the small sample size and targeted audience (law enforcement agencies).

FIGURE 2.4: POST-REFORM ADDITIONAL VALUE ESTIMATES FOR LAW ENFORCEMENT USERS OF THE COMPANY REGISTER (£/USER/YEAR). NOTE: ERROR BARS INDICATE THE 95% CONFIDENCE INTERVAL RANGE

2.5 Aggregate annual user benefits

The number of public sector users of the Company Register for the purposes tackling civil or criminal offending is not known. This prohibits the calculation of reliable aggregate benefit estimates. However, tentative estimates suggest that there may be 10,000 – 20,000 public sector users of the information[13], and an aggregate public sector user benefit of between £25 and £80 million per year. Whilst this is an uncertain conclusion, it provides an indication of the possible scale of benefits with a likely conservative estimate of total users.

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[13] Initial estimates by the project team suggest that there may be approximately 140k FTE across the public sector organisations that are regular users of the Company Register. This estimate is based on information collected from the websites and annual reports of the following organisations: HMRC, NCA, INSS, Economic Crime Units, Immigration enforcement, Serious Fraud Office, Intellectual Property Office, Information Commissioners Office, The Pensions Regulator, police forces, Public Sector Fraud Authority, and Trading Standards (national and regional bodies). Through understanding developed in the consultation and interview phase of the project, several of these organisations are heavy users of the Company Register and have stated they use this information to tackle crime. On this basis, a 10,000 – 20,000 FTE user count, which is at least 7-15% of the above organisations, is expected to be possible.

3. Private sector users

This section summarises the key results for AML-supervised businesses and AML Supervisors. It presents annual user values for the private sector which use the Company Register information to tackle crime and estimates the aggregated annual benefit.

3.1 Using the evidence

The private sector results are considered robust and suitable for reporting and use in policy assessment. There is higher level of uncertainty associated with the expected post-reform values since these relate to respondent assessments of changes in the Company Register that are yet to be fully implemented and experienced. It is recommended that the post-reform values are reassessed in the future to determine if expectations today align with realised values in the future.

This research provides user value estimates for a specific use case (e.g., compliance with MLRs to tackle crime) by a subset of the entire UK business population (e.g., AML-supervised businesses). The pre- and post-reform values therefore do not replace the general user values from the previous research. As such the values reported below are not additive to the previous values; rather they represent a more refined assessment of the benefits to a distinct user group. They illustrate the variation in the value that the Company Register provides UK business. In this case, it shows higher user values, which is consistent with the legislative obligations of AML-supervised businesses. The pre-reform values can therefore be compared with the previous research, subject to the above caveats. The post-reform values are "new" evidence, corresponding to defined changes in the Company Register.

There are some limitations to note when using the evidence. The analysis undertaken demonstrated that there can be large variations in preferences across private sector users. This may be explained by the different characteristics of private sector users (e.g., size of business, sector of business, use of alternative commercial products). It was not possible to reliably establish how the combination of these factors influenced user preferences given the sample achieved (i.e. relatively small sub-sample sizes for specific segments such as accountants vs. financial services firms). Results are therefore best interpreted as representative of the overall AML-supervised sector rather than of a specific sub-sector.

3.2 Uses of corporate transparency information

The MLRs apply to approximately 104,000 private sector businesses ("AML-supervised businesses). AML-supervised businesses that are subject to the MLRs are required to undertake specific activities which: (a) assess the risks of money laundering and terrorist financing with their current and prospective client base; and (b) apply checks for new clients. These activities seek to minimise the likelihood of illegal economic activity (or criminal activity, more broadly) taking place or being facilitated through the UK business environment.

AML-supervisors are professional or statutory bodies that are required to undertake certain supervisory and registration activities under the MLRs. There are 25 AML supervisory bodies, compromised of HM Revenue & Customs (HMRC), Financial Conduct Authority (FCA) and the Gambling Commission along with designated professional bodies that perform a supervisory role, covering mainly accountants and legal organisations.

In both instances, information from the Company Register contributes to the activities which both the AML-supervised businesses and AML Supervisors are required to complete. It is a key input into the customer due diligence process, helping the private sector gain a basic understanding of who sits behind corporate structures and the risks associated with undertaking business with these individuals. AML Supervisors also use the information to conduct checks on the due diligence and risk assessment procedures that the AML-supervised businesses have in place.

Private sector respondents were observed to have similar preferences for basic company information and persons which control or managed company affairs (e.g., company directors and PSCs) as the public sector (Figure 3.1). Company officers (65%), basic information (65%) and PSC information (66%) were most commonly highlighted as the most important pieces of information. Comparatively, financial information was mentioned more regularly by the private sector than the public sector as used in compliance with the MLRs.
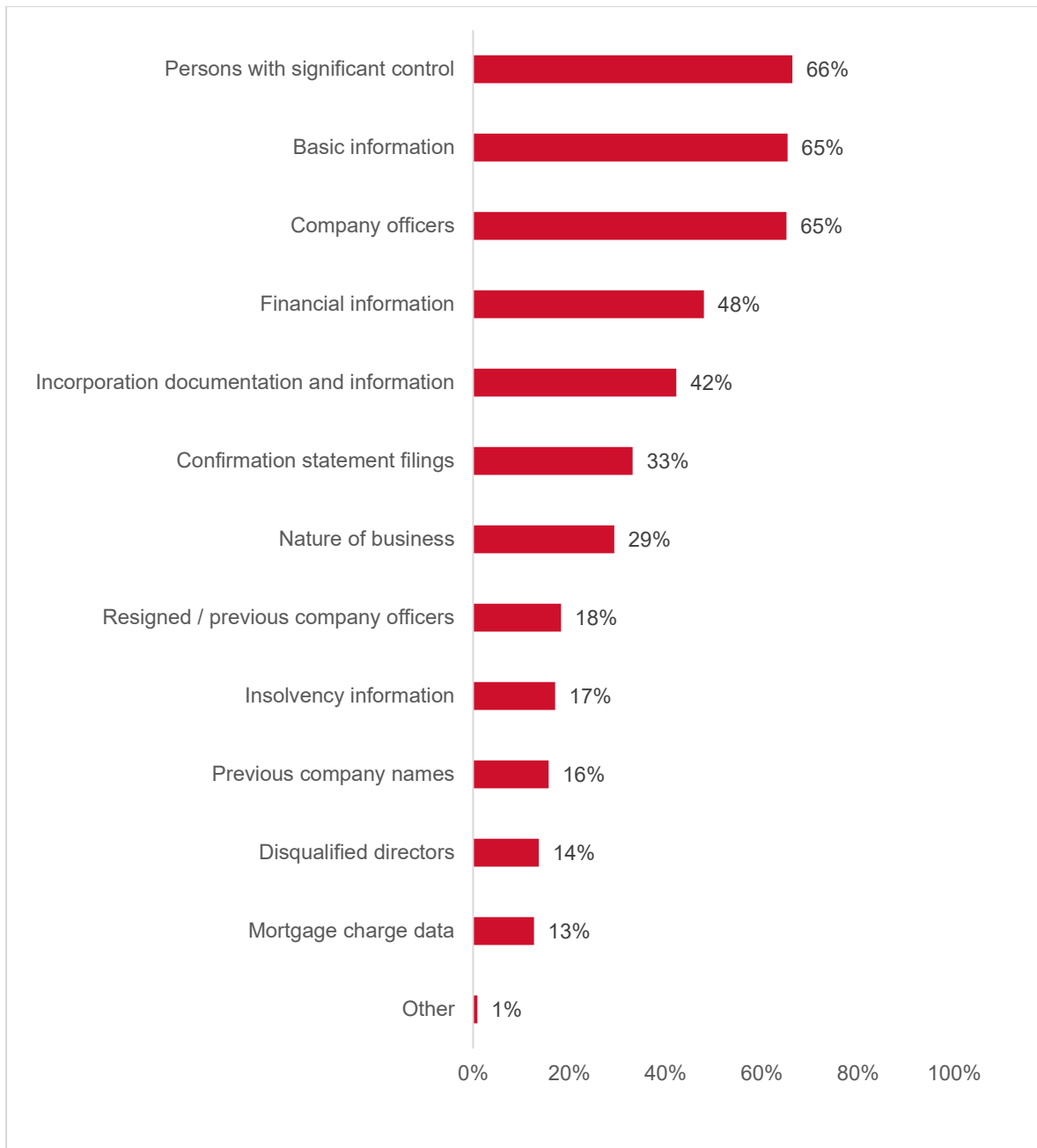
FIGURE 3.1: MOST IMPORTANT ASPECTS OF PUBLICLY AVAILABLE INFORMATION ON THE COMPANY REGISTER FOR THE PRIVATE SECTOR (N=1,009)

3.3 Private sector views on the legislative reforms

Figure 3.2 shows how the private sector ranks the legislative reforms under the ECCT Act. The most preferred – and most important – aspect of the reforms is the introduction of identity verification of company directors. A second tier of preference is evident for a group of reforms including: full names of all company subscribers and shareholders, ID verification for PSCs, validation checks of information, and requiring corporate directors to be natural persons. The order of these reforms is variable and explained in some part by business size; small businesses prefer information

validation, in comparison large businesses prefer reforms which increase the quantity of information available on the register to support their MLRs obligations (e.g. full names of all company subscribers and exempt filing disclosure requirements).

Aspects of the reforms concerning Limited Partnerships, and micro and small entities submitting profit and loss accounts, as well as greater disclosure for PSC exemptions, are deemed less beneficial for private sector users tackling crime.
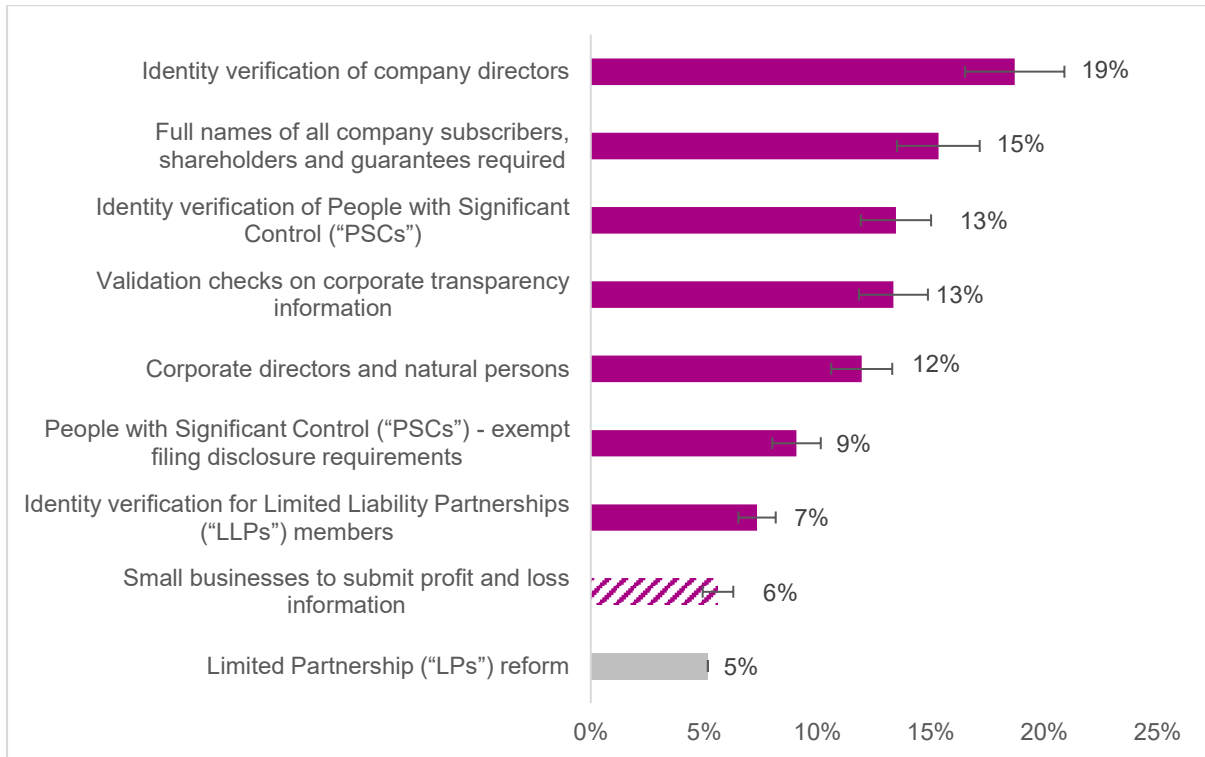

FIGURE 3.2: RELATIVE IMPORTANCE SCORES FOR AML-SUPERVISED BUSINESSES. NOTE: ERROR BARS INDICATE THE 95% CONFIDENCE INTERVAL RANGE

3.4 Value of the Company Register

3.4.1 Pre-reform value

Figure 3.3 reports the annual user benefit estimates of the Company Register pre-reform for the private sector. The total user value was approximately £4.4k per organisation per year. The range of values differs between large businesses (central estimate £4.6k) and small businesses (central estimate £1.1k). Company information which documents the identity of Directors and PSCs accounts for the majority of the estimated benefit (between 80% - 95% of the total value). The results also show that smaller businesses placed a comparatively higher value on financial information (20%) in comparison with the larger businesses (15%). This likely reflects the limited alternatives and greater resource constraints that smaller businesses have for obtaining this information compared to larger entities.
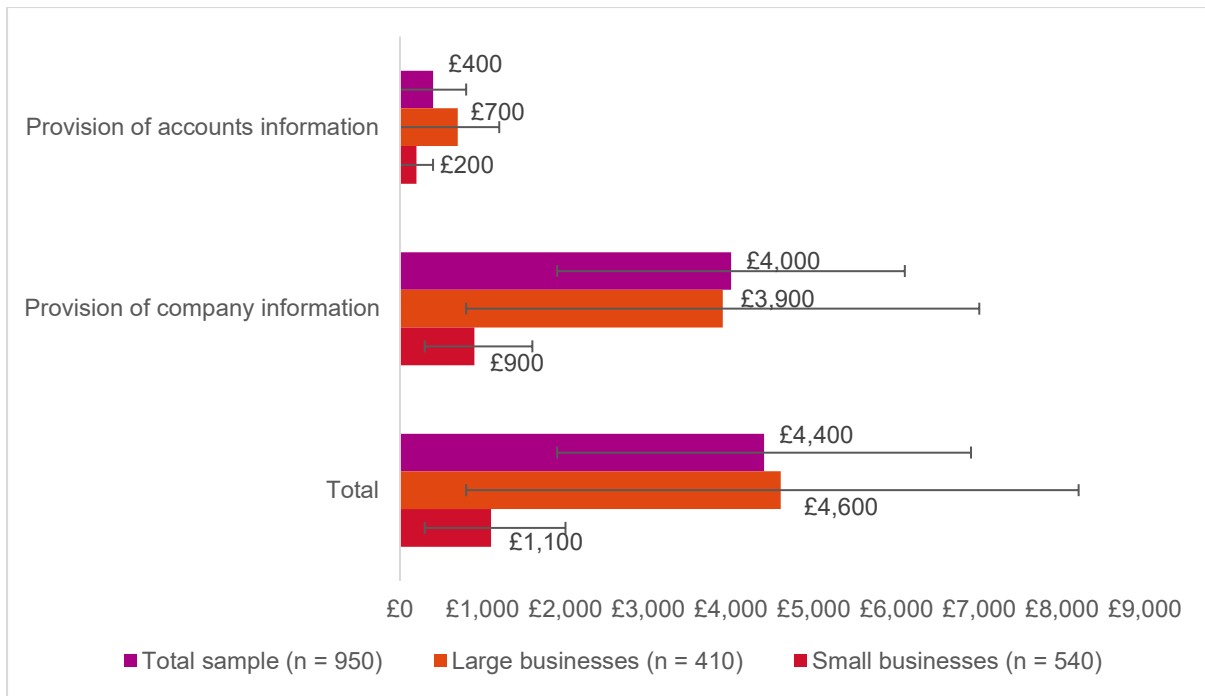
3.4.2 Value of the reforms

Figure 3.4 reports the estimated user value of the reforms to the Company Register for the private sector. The total annual value of the reforms across the four aspects of corporate transparency information for the overall pooled sample (£/organisation/year) was approximately £3.9k (range of £1.2k - £6.5k). The estimated user value varied depending on if the business is large (central estimate £4.4k) or small (central estimate £1.6k).

ID verification of company directors and PSCs was found to be most valuable aspect of the reforms to AML-supervised businesses (40% - 60% of total value of the reforms). The biggest difference between large and small businesses was observed in the value of information validation; small businesses have strong preferences for these powers and contribute a large proportion of the value of the reforms to them (40% of the total economic value). There is more variation in the benefits for large businesses and no clear preferences for information validation were evident. The higher relative importance of information validation for small businesses likely reflects the greater importance of assured information to organisations that have limited resources and alternative means for cross-checking information.

FIGURE 3.4: EX-ANTE ESTIMATES OF THE ADDITIONAL POST-REFORM USER BENEFITS FROM REFORMS TO THE COMPANY REGISTER – MEAN (AVERAGE) WTP PER YEAR (£'000/YEAR/USER) NOTE: ERROR BARS INDICATE THE 95% CONFIDENCE INTERVAL RANGE

3.5 Aggregated annual user benefits

Table 3.1 presents estimated annual private sector user benefits from both pre- and post-reform Company Register information. This is based on multiplying the individual user value estimates by the total number of user organisations in the AML-supervised sector.

The results show a relatively wide range in estimated total pre-reform user value – between £170 million per year and £460 million per year. This is driven by the differences in user values between small and large businesses. The range is similarly wide for the *added* benefit of the reforms – between £210 million per year and £400 million per year.

The estimated total value of the company register post-reform with respect to MLR-related uses is between £380 million per year and £860 million per year. The reforms are estimated to roughly double the value of the company register for these purposes.

TABLE 3.1 ANNUAL USER BENEFIT FOR THE PRIVATE SECTOR POPULATION (£/YR)

Value estimate	User group	Total user WTP estimate (£/yr))	Total user population	Total WTP (£m/yr)
Pre-reform user value	Total Sample	£4,000 (£1.9k – £6.9k)	104,000	**£170m - £460m** (£40m – £710m)
	Large businesses	£4,600 (£0.8k – £8.8k)	16,000	
	Small businesses	£1,100 (£0.3k – £2.0k)	88,000	
Predicted post-reform user value (*additional benefit*)	Total Sample	£3,900 (£1.2k – £6.5k)	104,000	**£210m - £400m** (£90m – £670m)
	Large businesses	£4,400 (£1.9k – £6.8k)	16,000	
	Small businesses	£1,600 (£0.7k – £2.4k)	88,000	

4. Conclusion

This section concludes by considering the need for future research.

This research estimates the economic value of the Company Register for the public and private sectors for tackling crime. It has demonstrated that both the public and private sector place a positive value on the information provided through the Company Register. It has also demonstrated that the reforms are expected to benefit these users. The total size of these benefits is several hundred million pounds annually.

While future refinements are possible for the evidence presented here (in particular to improve the public sector benefit estimates), the findings set a baseline against which the effectiveness of the related reforms can be assessed. The baseline (pre-reform) values correspond to the "current" use of the Company Register. Whilst changes have been made to the information available in the recent past (e.g. introduction of PSCs, removal of annual returns), users are well versed in navigating the Company Register. In comparison, the impacts and benefits of the reforms that only recently passed into legislation (in March 2024) are yet to be fully realised. Post-reform values and preferences are therefore based on expectations of their use and benefits, rather than experience of these changes.

The research was designed to ensure that it could be repeated. The survey-based methodology is well-suited to examining user values in the future. It is recommended that the approach used in this study (i.e. the combination of quantitative research and modelling with detailed qualitative insight) is repeated to test and provide better context around: (a) whether user values for the post-reform Company Register are higher when the reforms are fully implemented; and (b) why preferences or experience have deviated from expectations set in this research.

An appropriate time for a repeat survey would be in three to five years' once the reforms are fully implemented and users gained experience (e.g. the majority of company director and PSC information on the Company Register is ID verified; Companies House have started to validate information on the register[14]).

Further research is also recommended to refine the public sector user values. This includes developing a better understanding of the total population, increasing the sample size of the survey, and refining the methodology to reflect the time trade-off for estimating user benefits.

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[14] In this context, validation refers to the ability of Companies House to identify and remove errors, anomalies and inaccuracies from the Company Register. See Annex Table 1 for the description of the change post- reform and the position pre-reform presented to respondents.

Annex 1: Reforms covered by this research

ANNEX TABLE 1: DESCRIPTION OF THE CHANGES ARISING UNDER THE REFORMS

Change: post-reform requirement	Pre-reform requirement
Companies House will be able to identify and remove errors, anomalies and inaccuracies (pre- and post-registration of a company) from the Company Register.	Currently, there is limited power to query or remove information or data in the Company Register.
All company directors are required to have their identity verified.	Currently, identity verification of company directors is not required.
A corporate director (a company that owns another company) must have natural persons (i.e., people, not companies) as their own directors.	Currently, there is no requirement for corporate directors to have natural persons as their directors.
All PSCs are required to have their identity verified.	Currently, identity verification of PSCs is not required.
At least one LLP member must have their identity verified to be on the Company Register.	Currently, identity verification of LLP members is not required.
More detailed reason for exemption of PSCs filing from the Company Register is required (e.g., all market listing information for an exempt company required to be disclosed)	Currently, less detailed reason for exemption of PSCs filing from the Company Register is given (e.g., minimal information provided in relation to market listing of an exempt company).
Companies are required to record full names (e.g., Joe Smith rather than J Smith) for all their subscribers, shareholders and guarantees and to provide the full names of their shareholders in a one-off list.	Currently, companies can record names for subscribers, shareholders and guarantees in any format.
Micro and small companies required to file a profit and loss account.	Currently, micro and small enterprises are not required to file profit and loss accounts.
More information required of LPs and more stringent regulations about the formation, ongoing filing requirements and deregistration of LPs.	Currently, limited information is available on limited partnerships.

Annex 2: Survey design for different users

ANNEX TABLE 2: COMPARISON BETWEEN PUBLIC AND PRIVATE SECTOR STATED PREFERENCE SURVEYS

Approach	Public sector users	Private sector user
Target population	Law enforcement agencies	AML-supervised businesses; AML Supervisors
Use of the Company Register	Profiling and vetting complaints, investigative and intelligence gathering, enforcement activities	Customer due diligence activities Monitor supervisee activities in relation to MLR compliance
Sample frame	Three core law enforcement agencies (identities redacted)	The main AML-supervised business sectors (e.g. finance, accountancy, estate agency, legal, gambling, and other)
Survey administration	Online	Online
Sample achieved	70 Law enforcement users	999 AML-supervised businesses 10 AML Supervisors
Estimation of user values	Paired comparison – value of time trade-off waiting to receive information relevant to case work	Discrete choice experiment (DCE) – user willingness to pay to receive information to support activities required under the MLRs.

While the majority of the survey was the same for the private and public sector users, the valuation section used different designs:

For the private sector users, a discrete choice experiment (DCE) was designed to facilitate the respondents to trade off money for quality / quantity of information provided (including an option of obtaining the baseline level of information a no extra cost). This resulted in "direct" estimates of user willingness to pay (WTP). In simple terms, WTP measures the benefit that users derive from the improved or maintained (avoided deterioration) provision of a good in monetary terms.

For the public sector users, a paired comparison choice was designed to facilitate the respondents to trade off time for quality / quantity of information provided – as public sector users participating in the survey are not those who control organisational/departmental budgets. The changes in the waiting time were converted to a monetary value using publicly available salary information (time multiplied by salary per time).