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In search of the owner:

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DOI:
10.1016/j.cpa.2022.102421

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Document Version
Publisher's PDF, also known as Version of record

Citation for published version (Harvard):
Konovalova, M, Tuck, P & Ormeno Perez, R 2022, 'In search of the owner: regulating through transparency', *Critical Perspectives on Accounting*. https://doi.org/10.1016/j.cpa.2022.102421

Link to publication on Research at Birmingham portal

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Download date: 24. Apr. 2024

Critical Perspectives on Accounting xxx (xxxx) xxx

Contents lists available at ScienceDirect

Critical Perspectives on Accounting

journal homepage: www.elsevier.com/locate/cpa

Full length Article

In search of the owner: Regulating through transparency

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ARTICLE INFO

Keywords:
Transparency
Luminous arrangements
Society of control
Dividuals
Tax haven
Beneficial ownership

ABSTRACT

It has been argued that obscurity in ownership structures has created an opportunity for illegal activities, such as tax evasion, money laundering, and corruption, to go unnoticed. We examine the impact of international transparency initiatives on practitioners and the regulatory landscape in the national context of Seychelles. This article shows how the ambiguities and undesirable effects surrounding transparency become not an exception but, rather, a rule, a necessary and inescapable necessity of the pursuit of visibility. In particular, we explore the transparency of beneficial ownership standards which aim to eliminate the difficulty, if not impossibility, of tracing assets and financial flows to the actual owners. Using theoretical insights of Deleuze, we investigate the engagement with beneficial ownership transparency standards, and the transformative capabilities of transparency in the national setting. We substantiate our argument empirically through a single case study of Seychelles, informed by semi-structured interviews and documentary material, which has benefitted from an in-depth understanding of the setting as an international financial centre.

1. Introduction

Over the past two decades, transparency has become a pervasive term in political and public discourse on international taxation, imposing itself as the ultimate remedy for issues associated with harmful tax practices. While providing some evidence of the success of these initiatives (see e.g., Ahrens and Bothner, 2019; Hakelberg and Rixen, 2020), the tax literature has documented the significant limitations of international transparency standards in countering harmful tax practices (Haberly and Wójcik, 2015; see, e.g., Woodward, 2016; Meinzer, 2019; Oats and Tuck, 2019; Picciotto, 2020; Hakelberg and Rixen, 2020; Janský, Meinzer and Palanský, 2021). These studies have helped identify omissions and loopholes at the level of international policy design and international standards diffusion, but we have learnt little about the implications of such transparency initiatives on professionals and their practices at the national level.

The broader transparency literature points to the transformative capabilities of disclosure initiatives, where selective indicators may become instrumental in constituting their objects (Power, 2004; McKernan and MacLullich, 2004; McKernan, 2007). Our understanding of the impact of transparency requirements on those who comply with these regimes (transparency producers) remains incomplete. Some studies suggest that disclosure regimes have the potential to construct disciplined and ethical subjects (Neu, Everett and Rahaman, 2015), while others point towards limitations of transparency efforts in achieving the desired changes in practices (Fung, Graham and Weil, 2007; Roberts, 2009; Ringel, 2018). In spite of the broad acknowledgement of the impact of transparency on

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https://doi.org/10.1016/j.cpa.2022.102421
Received 6 March 2021; Received in revised form 21 January 2022; Accepted 21 January 2022
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its producers and limited research inquires in this area, an in-depth exploration of the impact of transparency regimes on those who comply with them remains scarce (Christensen and Cheney, 2015; Albu and Flyverbom, 2016; Ringel, 2018). We contend that a detailed examination of engagement with international transparency initiatives on the national level is integral to our understanding of the impact of such transparency.

The overarching aim of the study is to explore the impact of engagement with international transparency standards in the national setting. To do this, we draw on the theoretical insights of Deleuze and Guattari, which open up opportunities to analyse previously under-explored dynamic processes (Neu, Everett and Rahaman, 2009). In particular, the concept of societies of control provides a compelling framing to analyse the power of ubiquitous boundary-spanning international standards (Martinez, 2011), while allowing us to avoid the problematic status of the "individual" as an indivisible unit of analysis (Hoskin, 2015). The framework recognises the diversity of the components that comprise the national context as they interact with each other and with external elements (such as international transparency standards). Using these conceptual tools, we aim to develop a processual understanding of the engagement of national elements with international transparency requirements, and the impact of such an engagement in national settings.

We will do this through a case study of Seychelles' financial services industry, and its commitment to comply with international beneficial ownership transparency standards. Beneficial ownership transparency standards aim to make company ownership information available for inspection, and Seychelles, having been labelled a tax haven on numerous occasions, represents an interesting case study. Our choice of case study provides an interesting and relevant context for addressing the following research questions: How do international transparency standards operate in the national context? How do practitioners in Seychelles engage with these standards? How does this engagement influence practices and the regulatory landscape in the national setting?

In this way, we contribute to the tax literature on transparency standards, which has so far identified loopholes and omissions in the standards design. More specifically, we present the perspective of a small international financial centre of transparency standards, while the existing research on transparency tends to favour the viewpoint of standard-setters (see, e.g., Hultman and Axelsson, 2007; Roberts, 2009; Schnackenberg and Tomlinson, 2016; Albu and Flyverbom, 2016; Meinzer, 2019; Picciotto, 2020). Furthermore, we will argue that the impact of international standards cannot be fully understood without careful consideration of the practical issues faced by the producers of transparency in the national setting. Consequently, our study has important practical implications for international policymaking in the area of countering harmful tax practices. We would question the scrutiny of the policies of selective international regulation, and the belief that the current transparency initiatives address harmful tax practices in a meaningful way. The study also contributes to a wider literature on transparency by offering conceptual tools for developing a more nuanced account of transformative capabilities of transparency.

The rest of the paper is divided into five sections. The next section locates the study in the existing literature, which is followed by a section that explains the theoretical underpinnings of the study. The subsequent section presents our research methods, while the following section presents our findings. The final section discusses the findings and offers some concluding comments.

2. Literature review

2.1. Transparency in countering harmful tax practices

Transparency in financial and tax matters represents "a dense web of transnational standards" that systematically promotes the disclosure of various pieces of information (Mehrpouya and Salles-Djelic, 2019, p.21). A growing number of international initiatives aiming to detect and prevent illicit financial activities such as money laundering, tax evasion, and corruption, place significant emphasis on transparency underpinned by internal controls and monitoring practices (e.g., Neu, Everett and Rahaman, 2015; Norton, 2018). The Organisation for Economic Co-operation and Development (OECD) has emerged as the expert group to produce and maintain transparency standards regarding taxation. Eventually, as the proceeds obtained from tax evasion became linked to money laundering (Yeoh, 2018), the anti-money laundering recommendations developed by the Financial Action Task Force (FATF)[1] have become an important part of the tax transparency agenda. The OECD has been running and coordinating several international tax policy programmes. For the purposes of this research, the most relevant are the three tax transparency initiatives, sometimes referred to as the ABC of tax transparency: automatic exchange of information, beneficial ownership disclosure, and country-by-country reporting as part of the OECD's base erosion and profit shifting (BEPS) action plan (Knobel, 2018). We will provide a brief overview of the existing research on the first and the third transparency initiatives (A and C), and then focus on the second initiative, beneficial ownership disclosure, as it is central to our study.

The automatic exchange of information (AEI) is a multilateral system for the periodic transmission of taxpayer income information between tax authorities, which aims to counter tax evasion committed by individuals. The existing research in this area provides insights into the limitations of the design of the standards, highlighting omissions and loopholes (Andersen, Johannesen and Rijkers, 2020; Meinzer, 2019; Janský, Meinzer and Palanský, 2021), which are openly advertised by international law firms[2] on their websites.

[1] The Financial Action Task Force (FATF) is the inter-governmental body that sets and evaluates international standards to prevent global money laundering and terrorist financing. Its aim is to generate the necessary political will to bring about national legislative and regulatory reforms in these areas. See https://www.fatf-gafi.org/about/whoweare/ for more information.

[2] See, for example, a non-exhaustive list of such loopholes advertised on law firms' websites: https://swiss-banking-lawyers.com/news/tax-loopholes-automatic-exchange-of-information/ and https://offshoreincorporate.com/how-to-avoid-automatic-exchange-of-information-by-changing-residency/, last accessed 3 August 2021.

The literature also documents how the OECD imposes vigorous adherence to the AEI standard on developing and small countries while allowing flexibility in terms of commitment and application to its members (Eccleston, 2012; Haberly and Wójcik, 2015; Hakelberg and Schaub, 2018; Sharman, 2017), enticing mock compliance (Woodward, 2016; Picciotto, 2020), especially among developed countries.

Country-by-country reporting (CBCR) aims to curb international corporate tax avoidance and evasion through a standardised transparency regime. The existing research on CBCR suggests limited progress in terms of producing desired outcomes (Hakelberg and Rixen, 2020), largely due to policy design omissions that lead to significant issues with the accuracy and reliability of the published data: for example, persistent overstatement of profits in low-tax jurisdictions (Murphy, Janský and Shah, 2019). Issues have also emerged regarding the uneven application of the standard, with powerful states rejecting full disclosures (Meinzer, 2019) due to a lack of motivation for mutual assistance and political incentives to weaken an otherwise sound regulatory proposal (Picciotto, 2020). These issues appear to be part of a general tendency to overlook corporate power and malpractices in political debates, suggesting the dominance of political deliberations over technical issues in the realm of international taxation (Ylönen, 2019; Meinzer, 2019; Picciotto, 2020). Rather unhelpfully, it has been suggested that the weaknesses of CBCR might encourage individuals to shift their income into corporate structures (Baker and Murphy, 2021), thus undermining the AEI efforts. The existing research on both transparency initiatives highlights the limits in the policy design and political issues that inform unequal standards diffusion and application. We now move on to review the existing evidence on beneficial ownership transparency standards, which is the central initiative in this study.

Transparency of beneficial ownership of companies represents a regulatory arena in its own right, although, arguably, it is a crucial prerequisite for the straightforward functioning of the AEI (Meinzer, 2019). The opaque nature of complex corporate structures has emerged as a major predicament when identifying the persons responsible for financial wrongdoings, including tax evasion (de Willebois, Emile van der Does et al., 2011). The opacity is based on the possibility of having multiple people claiming the rights to an asset simultaneously (Hudson, 2014), and the emergence of complex legal entities with intricate ownership structures that populate the current international business arena (Konovalova, Tuck and Ormeño-Pérez, 2017). There seems to be a consensus that the key instruments facilitating the ownership anonymity of legal structures are legal entities with no significant operations or related assets: i.e., shell companies (FATF, 2014; Alstadsæter, Johannesen and Zucman, 2018). Apart from their legitimate business use (Burns and McConvill, 2011; Sharman, 2012), such as stock holding, supporting company mergers, or shifting assets and currency across jurisdictions (Gilmour, 2020), shell companies have become a convenient enabling tool for obscuring illegal financial affairs, such as tax evasion (Sheppard, 2009; Le Nguyen, 2018).

The most influential body in the area of regulatory requirements for disclosing the people behind complex corporate structures, i.e., the beneficial owners, has been the FATF (Gilmore, 2004; Sharman, 2011). According to the FATF, a "beneficial owner" is "a natural person(s) who ultimately owns or controls a customer and/or the natural person on whose behalf a transaction is being conducted. It also includes those persons who exercise ultimate effective control over a legal person or arrangement" (FATF, 2012-2018, p.111). Having first appeared in the 2003 version of the FATF Recommendations, this definition has become widely accepted, and the OECD has endorsed the term through its multilateral framework in the area of tax transparency and exchange of information (OECD, 2016, p.19). The international beneficial ownership transparency standards are based on the FATF Guidance on Transparency and Beneficial Ownership, which requires regulated firms to keep the information on the beneficial owners of incorporated entities in the format of a digital register, and the system should allow the register to be searched using multiple fields (FATF, 2014, p.22). As a part of good practice, the FATF further recommends making these registers publicly available as it would "increase transparency by allowing greater scrutiny of information by, for example, the civil society, and timely access to information by financial institutions, DNFBPs[3] and overseas authorities." (*ibid.,* p.21).

The literature on beneficial ownership disclosure has identified the intricacy of the term *beneficial owner* as one of the key challenges (Yeoh, 2018). The diversity of national definitions of the term implies a variety of interpretations as to who should be listed as a beneficial owner of an entity (Meinzer, 2019). For example, in the UK, the 25 per cent threshold defines the point at which beneficial ownership is disclosed; so, if a company has four shareholders with equal shareholding, this requirement is circumvented as no one would be considered a beneficial owner (Gilmour, 2020). The literature suggests that the legal framework of beneficial ownership disclosure requirements inconsistently covers different legal structures: for instance, leaving comparative freedom for trust and foundation arrangements compared to incorporations (Campbell, 2018), and completely omitting other legal entities, such as foreign entities, general partnerships and welfare foundations (Meinzer, 2019). It has been argued that these requirements overlook the potential involvement of professional intermediaries in obscuring beneficial ownership (Lord, Wingerde and Campbell, 2018) as these firms play a key role in collecting and supplying the required information (Picciotto, 2020). The implementation of beneficial ownership registers alone, in the absence of intergovernmental cooperation, has been characterised as a superficial approach to tackling ownership obscurity issues (Gilmour, 2020). This has been compounded by the relative discretion concerning what information needs to be registered and how it should be verified, inadequate sanctions for non-compliance, limited access to beneficial ownership registers, and a wide range of loopholes associated with the weaknesses of the initiative outlined above (Knobel, 2019; Meinzer, 2019).

Furthermore, academic research has uncovered a variety of ways that tax havens are used to disguise beneficial ownership of

[3] Designated Non-Financial Businesses and Professions (DNFBPs) are defined by FATF as casinos, real estate agents, dealers in precious metals and stones, lawyers, notaries, other independent legal professionals and accountants, trust and company service providers. See the FATF glossary https://www.fatf-gafi.org/glossary/d-i/ last accessed 3 August 2021.

wealth, such as anonymous shell corporations (Alstadsæter, Johannesen and Zucman, 2018). The term tax haven has been said to have been taken for granted rather than disputed or explicitly defined (Orlov, 2004; Sharman, 2006; Keen and Konrad, 2014; Gravelle, 2015; Konovalova, Tuck and Ormeño-Pérez, 2017). Broadly understood as a country whose tax laws make it possible to reduce tax liability when interacting with another country, the term would sweep in many developed countries, ordinarily not considered tax havens, due to the complexity of modern national taxation systems and greater capital mobility (Gordon, 1981; Picciotto, 1992; Palan, 2002; Meinzer, 2019). Here, the lack of an agreed definition of a tax haven is not helpful as a clear majority of such shell companies are registered in countries that are typically not included in tax haven lists[4]. Indeed, as research on beneficial ownership transparency standards implementation has shown, shell company providers located in the OECD countries seem to exhibit significantly less diligent behaviour when it comes to collecting information on beneficial ownership of legal structures (Findley, Nielson and Sharman, 2014). At the same time, there is research that continues to document evidence of persistent financial losses to countries labelled as tax havens (Ahrens and Bothner, 2019; Andersen et al., 2020). The research on beneficial ownership transparency seems to favour a more international perspective, not necessarily focusing on these tax havens. Detailed qualitative investigations of the impact of transparency regulations on a tax haven seem to be scarce, and we aim to address this gap in the beneficial ownership transparency literature.

While the literature on beneficial ownership transparency provides more nuanced details of the limitations of the initiative, as does the tax transparency literature reviewed earlier, it revolves around policy design limitations, attempting to establish the effectiveness of transparency standards in achieving policy outcomes. The existing tax-related literature does not seem to address the transformative capabilities of transparency initiatives, namely, how tax transparency requirements influence practitioners that are subject to these standards in national settings. We now turn to the transparency literature outside the tax field to present insights on the impact of transparency on its producers.

2.2. Transparency and transformative capabilities

The literature outside the tax field has acknowledged that transparency efforts may affect those involved in producing it, whereby the measurement of indicators in itself becomes instrumental in constituting its objects (Power, 2004; McKernan, 2007), contributing to shaping and modifying the organisations that they seek to render visible (Albu and Flyverbom, 2016). There are divergent views on the transformative capabilities of transparency. Neu et al. (2015) argue that transparency efforts have the potential to construct disciplined and ethical subjects through the individuals' engagement with practices stipulated by the regulatory requirements. Transparency then, the argument goes, facilitates a situation where wrongdoing (corruption) becomes an exception rather than the norm (Neu, Everett and Rahaman, 2015). The counterargument to these claims is that the growing supply-side of corruption enables and motivates those subject to transparency requirements to explore the limitations of internal controls designed to constrain participation in unethical practices (Sikka and Lehman, 2015).

The belief that transformative capabilities of transparency may bring about favourable outcomes builds on three underlying presuppositions. First, it is assumed that once rendered transparent, organisational practices become open to scrutiny (Etzioni, 2010, p.389), and the entity effectively opens itself to criticism, and subsequent improvement (Strathern, 2000, p.313), facilitating improved conduct, accountability regimes, and better governance (Roberts, 2009; Christensen and Cheney, 2015). Second, it is believed that organisations are disinterested actors when it comes to information disclosures, capable of fully revealing the necessary information in an unequivocal manner (Christensen and Cheney, 2015, p.74). Third, the information provided under transparency requirements is understood to be neutral, with the audiences competent to interpret the information as intended by the reporting entities (Fenster, 2006). The assumption that these three conditions are achievable facilitates the belief that increased transparency is a logical solution to the wrongdoing associated with opaque regimes.

Meeting these conditions appears to be problematic, even when those subject to visibility efforts are willing to be fully transparent (Roberts, 2009). Transparency regimes have been found ineffective, and even counterproductive, in achieving the desired behavioural change as they allow for incomplete, incomprehensive, or irrelevant disclosures, and do not keep ahead of the disclosers' efforts to find loopholes (Fung, Graham and Weil, 2007). Examples include the misreporting of financial data by Enron and WorldCom, costing thousands of workers their pensions savings, and the ambiguity of the terrorist threat ranking system, leading many organisations to ignore it (*ibid.*). Transparency has been argued to be capable of reducing organisational purpose to the management of visible indicators (Power, 2007). The academic literature has even evidenced the emergence of new forms of secrecy in response to transparency measures (Ringel, 2018). Our understanding of how transparency requirements influence organisations and individuals remains incomplete, with research calls for more qualitative exploration in academic literature. While presenting useful insights on the transformative capabilities of transparency, the existing evidence derives from analyses on the level of the individual and the organisation. We suggest that the complexity of the workings of international transparency standards calls for a more nuanced approach, one which would go beyond the holistic impact of transparency on an individual as the indivisible unit of analysis (Hoskin, 2015). In other words, it is important to understand in what capacity, and under which circumstances, individuals engage with transparency standards. Philosophical insights of Deleuze provide conceptual tools to perform such an analysis, and we explain how we use these concepts in the study in the next section.

[4] The approximate annual incorporation rate of shell companies in the leading tax havens, the British Virgin Islands and Panama, is 40,000 and 70,000 respectively, while the corresponding annual statistics in the UK is 300,000, and in the US is around two million (de Willebois, Emile van der Does et al., 2011).

3. Theoretical lens

3.1. Assemblages and nomadism

The ideas and concepts of Deleuze seem to appeal to a wide range of academic disciplines. For example, a large body of work builds on the fluidity of Deleuzian philosophy, prioritising "becoming" over "being" (Chia, 1999; Styhre, 2002; Nayak, 2008; Kristensen, Lopdrup-Hjorth and Sørensen, 2014), exploring the fluid boundaries of an organisation (Weiskopf and Loacker, 2006; Spoelstra, 2007). Theoretical fluidity is closely linked with what Deleuze and Guattari term as "nomadism", a creative thought and action with the potential to subvert order and regulations (Deleuze and Guattari, 1987). In the academic literature, nomadism has emerged as the counterforce to any type of order, where the very acts of organising reflect the ongoing struggle of inherently nomadic forces (Chia, 1999), which have the potential to successfully outpace any attempts at regulatory recapture (Munro, 2016, p.571). In the tax literature, the concept of nomadism has been used to explain the evolution of global capitalism that has facilitated the commercialisation of the state, with the components of sovereignty available to be purchased by individuals to obtain immunity to certain state-specific taxes and regulations (Palan, 2003). While explaining the issues associated with tax havens and tax competition as a necessary requirement of a state's response to the nomadic structure of capitalism, this account also highlights the difficulties inherent in any international tax initiatives. Our study is not directly concerned with the fluidity of capital and, therefore, we do not include the concept of nomadism in our theoretical analysis. To understand the processes of engagement with international transparency standards, we utilise other tools that are, nonetheless, reflective of the fluidity of Deleuzian philosophy.

Another important concept for analysing movement and fluidity is the idea of assemblage, a process of arranging and the actual arrangement of bodies, matters, ways of thinking, people, technology, and other forms of the visible and the articulable within a social space (Deleuze and Guattari, 1987). The accounting literature introduced the concept of assemblage to theorise micro-processes associated with the formation and stabilisation of social networks and to show how accounting practices and utterances become part of a national development assemblage, facilitating the over-organisation of the social field (Neu, Everett and Rahaman, 2009). Assemblages consist of three types of lines: relatively supple lines, representing the current connections; the rigid lines, which aim to organise an assemblage; and the lines of flight, which seek to resist the rigid organising lines (Deleuze and Guattari, 1987, p.243). These lines interact within a fabric of assemblage by creating an unfinished set of temporary couplings, subject to continuous movement between their components (Bougen, 1997). Attempts at regulating, or stratifying in Deleuzian terms, an assemblage involve the hierarchical aggregation of its diverse components in a specific order, cutting off their pre-existing relations with what then becomes "exterior" to the newly stratified assemblage (Martinez and Cooper, 2017, p.4). It is the third type, the elusive lines of flight that are associated with nomadism and, therefore, represent a predicament for any forces aiming to exercise control over an assemblage (Deleuze and Guattari, 1987, p.229). Lines of flight do not imply fleeing any type of control. They are about re-creating, or acting against, the predominant system and requirements. Representative of nomadic movement, lines of flight have been shown to challenge the predominant social order on different levels, from engaging in a range of intensely lived experiences like solo rock climbing (Wood and Brown, 2011) to forming swarming flash mobs against government despotism (Kaulingfreks and Warren, 2010). Conceptualising Seychelles' financial centre as the regulated assemblage allows us to recognise the diversity of elements that are connected to transparency standards, setting out the conceptual context for analysing the movement of its lines in response to international beneficial ownership transparency regulations.

3.2. Transparency as luminous arrangements

We use a Deleuzian term, *luminous arrangements*, to conceptualise international beneficial ownership transparency standards. In critical accounting research, the concept has been used to theorise the politics of visibility in the context of anti-corruption initiatives to show that constructed moments and spaces of visibility may contribute towards constructing an ethical subject (Neu, Everett and Rahaman, 2015). We take up this theoretical tool to develop our understanding of the regulatory impact further, taking into account the Deleuzian fluidity and dynamics associated with transparency, control, and regulated assemblages in international settings.

Luminous arrangements are also assemblages that comprise various elements (Deleuze, 2007). Effective luminous arrangements consist of three essential building blocks: inscription gathering, effective monitoring and supervision, and trace generation (Neu, Everett and Rahaman, 2015, pp.57–58). The first building block consists of transparency standards that require financial services practitioners to collect ownership information; the second is represented by the activities of the national regulators, and the third building block is actualised by means of the electronic register format that practitioners are required to populate with the relevant information. Luminous arrangements on their own remain an abstract notion without any impact. They acquire concreteness and dynamics once connected with a particular context, a national regulatory environment of the financial services industry that they intend to control and regulate. Once contextualised, luminous arrangements start operating like a virus, continuously attempting to break down and reconstitute the elements and connections in the national financial industry (Barthold, Dunne and Harvie, 2018, p.9). Luminous arrangements represent a new informal dimension, becoming coextensive with the context of the social field, and one does not necessarily give way to the other (Deleuze, 1988, p.34). The regulated assemblage determines how the arrangements will operate in its context, suggesting a lack of certainty as to how the regulated human multiplicity responds to, and engages with, such arrangements. To analyse the interaction between the two, we need to understand how Deleuzian power operates through international standards, and what avenues for resistance this power provides.

3.3. The operation of societies of control

For Deleuze, power is a diffuse concept, which he terms a *society of control*, a matter of wide social relations. The society of control, also referred to as control society, is characterised by a high level of complexity, diffuseness, and fluidity which enables it to circumvent geographical boundaries in its impact (Barthold, Dunne and Harvie, 2018, p.9), in line with the ubiquitous nature of boundary-spanning transparency standards. It operates from various angles, facilitating mobility and surveillance across enclosures (Martinez, 2011) through continuous control and instant communication (Deleuze, 1995, p.174). Individuals do not represent a target for this omnipresent type of power; rather, a fixed individual gives way to a subjectivity fragmented into a multiplicity of dividuals that become the objects of the society of control (Deleuze, 1992, p.5). This important analytical detail helps overcome the constraints of having individuals as a level of analysis. Rather than representing a separable unit, human subjects are a vibrant concoction of innate (hereditary and biological) and acquired (parental, school, work) elements (Hoskin, 2015). This means that imposing certain conduct might influence one element within human subjectivity, while not necessarily affecting others, or not in the same way. The Deleuzian understanding of power operation allows for this incoherence of the individual as a construct, providing the tools for analysis on a sub-individual level. The operation of luminous arrangements can be metaphorically referred to as a divide and conquer strategy, fragmenting subjectivities of individuals into a multiplicity of dividuals (Barthold, Dunne and Harvie, 2018, p.9) that may express themselves as digital representations of a body (Deleuze, 1992). Intervening technologies are employed to influence the dividuals and facilitate the creation of new combinations of people, things, and data (Cluley and Brown, 2015, p.117). In our research, the subjectivities of financial services professionals become fragmented into several dividuals under the international regulatory initiatives, each representing a separate organisational function. Several practitioners may perform the same function, while each individual may be involved in several functions at the same time. Therefore, we believe in adopting an organisational function, rather than an individual, as the level of analysis that follows. The functions identified in our research as affected by luminous arrangements include reporting, compliance, and investigating dividuals, whereby different dividuals become visible and subject to control under differing regulatory initiatives.

Fluid and dispersed societies of control purport a fluid type of resistance (Bogard, 2011, p.97) to counteract the controlling effects through "out-gaming" the logic of the society of control by creating lines of flight and becoming unrecognisable to surveillance devices (Cluley and Brown, 2015, p.118). The availability and visibility of the reported information becomes almost a by-product of transparency standards, as the main goal of the society of control is to impose certain conduct on the targeted human multiplicity (Deleuze, 1988, p.34) and to exercise regularising control through transparency production practices (Flyverbom, Christensen and Hansen, 2015; Neu, Everett and Rahaman, 2015).

The proposed theoretical framework based on these Deleuzian concepts allows us to enrich the existing literature on the transformative capabilities of transparency standards in several ways. First, the adopted approach recognises the active role of practitioners in the engagement with transparency requirements in national settings. Second, conceptualising engagement with transparency as an ongoing coexistence of luminous arrangements and the regulated assemblage enables us to look at transparency practices as instrumental events in influencing transparency producers (see Roberts, 2009; Neu, Everett and Rahaman, 2015). Third, the analysis provides a more nuanced account of the operation of international standards: while diffuse and boundary-spanning, their impact is limited to the associated job functions rather than to an individual as a whole. This nuancing is important for enhancing our understanding of the operation of control and resistance under international transparency standards. Our conceptual framework will help us address the gap in research on the transformative capabilities of transparency standards by showing how Deleuzian insights can be used to study practitioners' engagement with, and response to, transparency. In doing so, we hope to better understand how international transparency initiatives operate in national settings, and how they influence the regulatory landscape by facilitating shifts in industry practices.

4. Methodology

Our research project is designed as a case study illustrating an in-depth exploration of interaction with international transparency efforts in a "real-life" context (Simons, 2009), allowing flexibility and freedom in the research processes (Robson, 1993). We obtained our empirical evidence through a field study in a small financial centre, Seychelles, which has been labelled a tax haven by the international community. Seychelles Corporate Service Providers (CSPs) provide professional services, which include, among others, incorporating and administering legal entities. CSPs are directly affected by international transparency requirements promoted through anti-tax evasion and anti-money laundering efforts and are effectively involved in producing information on beneficial ownership of the entities under their administration.

As a jurisdiction, Seychelles represents an interesting case study for several reasons. Seychelles is one of the latest adopters of the legislation that made international financial services possible in the country, and, as a relative newcomer to the international finance industry, it became the first financial centre to become subject to public naming and shaming by the Financial Action Task Force in the mid-1990s (FATF, 1996, p.17). The Economic Development Act 1995, passed by the Seychelles authorities, which included a controversial investment incentive, triggered this public attack. In essence, the Act provided complete immunity from prosecution in criminal proceedings and the protection of assets from forfeiture if investments were earned as a result of crimes committed outside Seychelles (Unger and Rawlings, 2008). This was followed by a prompt, immediate and very public attack by the FATF (Johnson, 2001). Even though this instance of early public shaming was addressed immediately, the evidence suggests that Seychelles remains in the regulatory spotlight, attracting more attention from international monitoring and policy-diffusing organisations than other countries, such as Panama and the Netherlands (Ylönen, 2017). While arguably creating significant regulatory latitude and advantages

for the OECD countries (Haberly and Wójcik, 2015; Sharman, 2017; Hakelberg and Schaub, 2018), such selective scrutiny has compelled small financial centres like Seychelles to become fully adherent early adopters of international standards with a higher level of due diligence than the OECD financial centres (Findley, Nielson and Sharman, 2014; Robertson, 2020). The choice of Seychelles for this study, therefore, represents a "critical case" (Yin, 2009) due to its deliberate and explicit attempts to appear compliant and transparent in the international arena.

Our academic interest is combined with the professional experience of the lead author, who previously worked in Seychelles while being actively involved with the financial services industry. Such familiarity with the context of the research places us in a privileged position to undertake this study (Bates et al., 1998), and to identify and obtain access to the relevant data. The empirical evidence consists of thirty interviews (detailed in the Appendix) with various actors in the financial sector of Seychelles, including industry practitioners, regulators and policy makers; one focus group panel discussion; and documentary material. The fieldwork took place from April until July 2017, and each interview lasted from 40 to 120 min. We invited our interviewees to provide an account of their engagement with transparency requirements as they developed and implemented their visibility-associated practices. After having identified significant regulatory events and initiatives that have affected, and are still affecting, Seychelles as a financial centre, we approached the key actors involved in the industry sector under research. We employed purposive and snowballing sampling to identify additional interviewees (Morse, 2010). Where participants were reluctant to have their interviews digitally recorded, the researcher took detailed notes so that exact quotes could be captured and extracted from the provided accounts (Creswell, 2009). Based on the field notes and each consecutive interview, it was possible to amend and refine the wording of the interview questions where necessary. The documentary material included Seychelles national legislation, such as the International Business Companies Act 2016 and its amendments[5], the International Corporate Service Providers Act 2003 (Seychelles National Assembly, 2004), and the Anti-Money Laundering Act 2006 (Seychelles National Assembly, 2006). We also examined international guidance and mutual reports provided by FATF and its regional body, the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), as well as reports by the OECD.

The data analysis stage commenced with a fine-grained reading of the whole set of documentary and interview material (Corbin, 2008), and it soon appeared that a theoretical reading of the empirical data was the most appropriate method of analysis for the purposes of the study (Brinkman and Kvale, 2015). The initial immersion into the empirical material helped to identify significant concepts and themes, which was followed by lengthy discussions between the three authors over the codes, themes, and findings. Once the patterns of meaning were identified and connected at a conceptual level, we proceeded to the final stage, "memoing" (Miles and Huberman, 1994), which consisted of making theoretical connections with Deleuze's theoretical concepts. Through our research, we have identified three separate business functions that are being influenced by the beneficial ownership transparency standards, which we term *dividuals* in line with the theoretical framework we utilise. These are reporting dividuals, who represent the direct object of control, as well as investigating and compliance dividuals, representing the indirect objects of control. The main themes that emerged through our findings include uncertainty as to what information needs to constitute transparency, and how to format transparency information in the envisaged disclosure register; the burden and dangers associated with transparency, and the resistance to regularising control effectuated through qualitative changes to business, outsourcing engagement with transparency standards, and legislative ring-fencing of disclosure requirements. These are the main themes that we have identified through the findings presented in the next section.

5. Findings

Our investigation into the transformative capabilities of beneficial ownership transparency standards starts with the identification of the elements affected by these requirements. To establish which fragments of regulated persons' subjectivity become the primary object of control under the beneficial ownership transparency standards, we set out to analyse the measures of success attributed to luminous arrangements as perceived by the interviewees subject to the regulation. In the professional setting of the financial services industry, the fragmentation of professionals can be made by the business functions that practitioners perform in their day-to-day activities that are becoming a centrepiece of a given regulatory initiative. In what follows, we present our empirical evidence on the direct and indirect objects of control, followed by the findings related to resistance to luminous arrangements in the respective subsections.

5.1. Direct objects of control: Reporting dividuals

It became apparent from the interviews with the national practitioners and regulators that the focus of compliance measurement inevitably gravitated towards form rather than content. The fact that information was being presented and made visible according to the prescription of international standards took precedence over the quality of information being fed into the registers. In other words, the luminous arrangements were seeking to influence the reporting function, a function associated with making beneficial ownership information accessible. Within our theoretical framework, we have termed this fragment of a professional's subjectivity a *reporting dividual*, which covers only one aspect of the day-do-day business activities of the regulated human multiplicity. The theme first appeared on the international regulatory level, when the national regulator reflected on the engagement with the OECD following the

[5] The related national legislation can be found here: https://seylii.org/sc/legislation/act/2016/15.

"non-compliant" rating regarding the transparency of the Seychelles financial centre:

And basically, the main recommendations were to. to enhance monitoring of the availability of the information. And at that time in Seychelles, yes, we were doing certain inspections, but it was not product-specific. We were doing inspections for the CSP level of the business, compliance with the CSP Act, and so on. Therefore, we were not checking if the products, the IBCs, trusts, foundations, are really keeping ownership information, the share registers, accounting information, or directors' registers, and so on. So. we had to change our practice. We boosted up the focused compliance inspection at that time. And, also, we needed to ensure that we impose relevant penalties on these IBCs and CSPs, if necessary. So, after all this, in about 2014 or 2015, we resubmitted (a) new proposal, on information with the OECD. And we were assessed as largely compliant. (R1, 2017)

The quote above illustrates the procedural changes that seemed to make a difference between compliant and non-compliant rating around transparency. Providing the evidence of information accessibility and visible mechanisms to penalise non-compliance, or not providing access to information in a prescribed manner, appeared to be sufficient for Seychelles to change its rating to compliant. The FATF seemed to have an almost identical regulatory approach (R2, 2017). International transparency requirements appeared to focus on ensuring the accessibility of information in a prescribed format. The outcomes of these encounters with the OECD and the FATF signalled to the national regulators that such an approach constituted best practice for communicating compliance with international standards. Both the above quotes imply that the focus on reporting dividuals cascaded from the international regulatory approach to the national regulators, who perceived their main function to be monitoring and supervising the issue of keeping the information in place. In their accounts, practitioners stressed the stringent bureaucratic requirements, enhanced by fines, needed to ensure there were no gaps in the registers of beneficial ownership. In the absence of robust mechanisms to verify the quality of the information being fed into the registers, more stringent measures fell on the formalities of having the registers filled. The lack of interest in the content of what became visible indicated that the actual output of transparency requirements became almost a by-product of luminous arrangements and the society of control, bringing transformative capabilities and behavioural change to the forefront of the beneficial ownership transparency initiative.

Furthermore, luminous arrangements brought about another important shift, whereby the national regulators became largely reliant on the self-reporting of non-compliance instances by practitioners. Under this new self-reporting regime, practitioners were required to report any cases of non-compliance to the FSA, and then the regulators responded by organising an inspection visit to investigate the instance further (CSP15, 2017). Practitioners had to report clients that did not provide ownership information to the FSA, and the national regulator first imposed fines on the registered company, which could be followed by striking the company off the register. Once a company was struck off, or deactivated, the procedure for restoring it was tedious and complex (CSP20, 2017). Not only were the penalties for not having information in place increasingly more stringent, practitioners, and their clients, would also have to face a significant bureaucratic burden to get the company running again. What the practitioners' accounts confirmed is that the reporting function became the linchpin of the luminous arrangements, making the reporting dividuals the direct object of regularising control. Hence, in the national context, luminous arrangements facilitated self-policing to ensure that no blanks were left in the registers. The national regulators continued to perform spot-checks, randomly scrutinising selected companies, but they became increasingly reliant on professionals to self-report instances of non-compliance. Under the enhanced beneficial ownership transparency standards, it became a duty of practitioners to report to the regulators whenever their clients did not provide information on the beneficial ownership of registered companies timeously. The duty to verify the authenticity of the information provided effectively became side-lined, shifting towards the responsibilities domain of the end clients or intermediaries, who may not have been covered by the same level of application of the transparency standards. This suggests that the impact that the luminous arrangements had on the regulated professionals was dubious: the form in which the information was presented took precedence over the content, implicitly weakening the need to ensure the authenticity of the data.

The nature of the impact of luminous arrangements on the conduct of reporting dividuals appeared complex, as the society of control would imply. The enhanced focus on the form of disclosure and increased penalties for leaving blanks in the beneficial ownership registers seemed to create a sense of urgency for the reporting dividuals to attend to the bureaucratic side of transparency requirements. The regulatory shift towards self-reporting created an additional pressure for the practitioners, while, arguably, alleviating the monitoring and supervisory burden of the national regulators. In combination, these findings indicate that both the practitioners and regulators in Seychelles were not motivated and, indeed, were not required to ensure the accuracy of the information provided. Digging deeper into the information content, the next two subsections deal with the impact of the indirect objects of transparency.

5.2. Indirect objects of control: Investigating dividuals

As indicated in the previous subsection, reporting is only one of the many functions that financial industry professionals perform in their day-to-day activities. We have established that the presence of information in the beneficial ownership register became the hallmark of success of luminous arrangements for reporting dividuals. The question arises as to which dividuals are responsible for verifying and filtering the information that eventually makes up visibility, and how, if at all, these dividuals are impacted by luminous arrangements. The data has suggested that luminous arrangements indirectly influenced the functions associated with conducting an inquiry into beneficial ownership of incorporated companies, and with complying with regulatory requirements. We, therefore, termed these dividuals as *investigating dividuals*, engaged with investigating the information fed into the registers, and *compliance dividuals*, responsible for ensuring compliance with regulatory requirements. We will first deal with investigating dividuals.

As it turned out, the process of identifying beneficial owners of legal structures was not straightforward. Practitioners appeared to

encounter several difficulties when investigating the identity of beneficial owners of each incorporated entity. These included not only technical errors and misunderstandings but also an almost existential concern over never being able to be certain about the identity of the real owner of a company. This latter point was vividly explained in the account provided by CSP19 below:

> *Another point is how do you prove that you are a beneficial owner? If a client gives a passport of a beneficial owner, how do we actually know that the person is the owner? And how do you transfer the beneficial ownership rights? There are no standard documents envisaged for these points… What exactly is the process of identification? What if there is an agreement between private individuals? (CSP19, 2017)*

Allegedly, these issues pre-existed the enhanced beneficial ownership transparency requirements. Luminous arrangements raised the awareness of these issues, while not aiding in solving the difficulties in any meaningful way. In fact, the account above suggests that these regulations brought about more uncertainty about identification procedures in the light of increasing pressures to disclose the information, and how much research would be sufficient to satisfy the implied visibility content expectations. This growing ambiguity and the practical considerations seemed to inform the national regulatory approach in a way that facilitated the shifting of the duty to verify the beneficial ownership information towards the end clients and intermediaries, as the findings in the previous section seemed to support. One of the practitioners summarised the issue in their account as follows:

> *And the.. the approach that Seychelles has taken, where the onus is on the registered company, which I think is the right approach because, as the registered agent, you can do all that you reasonably can to try and get the information, but to me, the onus should really fall on the directors of the company. They are the ones that are raising capital. To me, it is their obligation to make sure they understand who their shareholders are, and to collect all the due diligence information. Now, whether then passing it to us, and then would we really, as the registered agent, be able to do anything more than what they are doing anyway? (CSP8, 2017)*

While acknowledging the merits of shifting the responsibility for investigating ownership information to the intermediaries and end clients, the interviewee simultaneously reiterated the limited scope for investigative actions at the practitioners' disposal. What these findings suggest is that investigating dividuals are caught in a situation of uncertainty as to which information needs to be fed into luminous arrangements as authentic and compliant.

Another impact that investigating dividuals seemed to experience because of engagement with luminous arrangements was having to face the practical difficulties of fitting the available relevant information into the rigid tabular format of a beneficial ownership register. Thus, interviewees highlighted the technical and practical difficulties associated with the format of the beneficial ownership register. The lack of guidance and increased uncertainty, brought about by the new transparency requirements, remained a recurring theme in these accounts as well. The lack of guidance from the regulators was identified as the biggest challenge. For example, under the guidance and legislation, directors could fall under the definition of a beneficial owner, while it was not clear which information to provide for such products as foundations and discretionary trusts (CSP1, 2017). There are situations when a beneficial owner cannot be identified until a later stage, when, in the example of a discretionary trust, trustees decide who benefits from a trust at some point in the future, taking into consideration such formalities as the settlor's wishes, guarantor's instructions, or the personal circumstances of the potential beneficiaries. Yet, the format of a beneficial ownership register does not provide for such technicalities, prompting the producers of transparency to commit any name to the register, be it a trustee, a settlor, a guarantor, one or a group of potential beneficiaries who, in reality, might never see the day of actually benefiting from the legal structure. Similar challenges seemed to persist with the ownership of complex legal structures, split ownership arrangements, and other legal entities where ultimate ownership is not always readily available for entering into a standardised register format. There appeared to be limits to the simplification of reportable information, and practitioners found themselves in a situation where the accuracy and completeness of information had to be compromised to accommodate the requirements of the format.

Beneficial ownership transparency requirements appeared to present difficulties for the investigating function. In response to the increased uncertainty as to where the investigating responsibility ends, the burden of verification of information seemed to shift towards the clients and intermediaries of the Seychelles practitioners. Furthermore, the register format appeared to create a situation where practitioners had to compromise the accuracy of the information for the sake of the simplicity of the form. Having dealt with the investigating function in this subsection, we now turn to the implications of luminous arrangements on the compliance function.

5.3. Indirect objects of control: Compliance dividuals

Luminous arrangements connect both the dividuals discussed so far, reporting and investigating, to the third function, which is the fragment of professional subjectivity responsible for complying with the standards. Compliance dividuals, as we refer to this function, ultimately decide how to go about complying with transparency requirements promoted through luminous arrangements. Akin to investigating dividuals, compliance dividuals do not represent the direct object of control; instead, they attract a lateral impact of luminous arrangements.

The interviewed practitioners seemed to draw a solid line between their business-related activities and compliance work. The stark distinction between the two appeared to be a leitmotif, recurring throughout the accounts provided, exhibiting different attitudes towards the compliance function as such. Some interviewees seemed to take a relatively neutral stance, one in which compliance was merely a token, or a checklist to be followed (PD, CSP23, 2017). For others, the enhanced ownership transparency standards did not seem to make any changes to the already existing internal compliance procedures (CSP11, 2017).

Most of the interviewees, however, expressed their concerns about the implications of enhanced ownership transparency standards, highlighting an increased financial and bureaucratic burden. The cost of compliance with the additional standards had to be passed on to the clients, some of whom were not able, or willing, to meet the additional costs (CSP6, 2017). The bureaucratic burden of

compliance appeared to grow exponentially for some interviewees, which was reflected in the company's approach to keeping documentation. According to one of the practitioners, their internal compliance procedures involved the creation and maintenance of six physical subfolders of documents for each legal entity they incorporated, among which was included a subfolder for monitoring purposes and a subfolder for compliance documents (CSP16, 2017).

While the inconvenience and detriment to the business seemed implicit in these accounts, several interviewees expressed their overt concern over the damage that the enhanced transparency standards were bringing to their business. Apart from resource-intensiveness, compliance with the new standards appeared to be conducive to technical glitches on the legislative level, and the incompatibility of the standards with the national framework:

> *It's just, you feel helpless, but you must just continue to go forward and do the best for the clients, (mean)while just losing clients left right and centre. But... umm and then hopefully just try to help cultivate better legislation locally, more substance faced. Hopefully, the industry can come out, you know, on the other end of this, with something that's sustainable, that can grow. (CSP5, 2017)*

The feelings that the interviewees seemed to communicate were various shades of disapproval, culminating, over the past few years, in indignation and compliance fatigue, whereby some practitioners found themselves spending the majority of their time doing compliance work (CSP25, 2017). While some of the interviewees interpreted their compliance duties as a technical checklist that did not make any effective changes in the day-to-day business, the lack of integration between compliance and business activities remained a common theme in the participants' accounts, with the compliance function running parallel to the business activities.

Apart from the bureaucratic and financial burden implicit in compliance procedures, the interviewees appeared to be concerned with the dangers of the enhanced beneficial ownership transparency requirements. The alleged imperilment of keeping the information in a searchable electronic database format was underpinned by its vulnerability to cyberattacks and data breaches. The interviewees expressed their concerns about potential kidnapping (CSP19, 2017), as well as countries with political instability, which could represent a significant source of danger for their clients:

> *A lot of other countries in the world just put some bulldogs on somebody's back. Not everybody has governments that is (are) sweet and clean as in those countries. You become a political target, an actual target just for people who are desperate. I just don't really understand why it has to be everybody's business. (CSP8, 2017)*

It was furthermore suggested that well-resourced countries were most likely to be willing to break into electronic beneficial ownership databases, which would represent an attractive target for hackers, including US national security (CSP7, 2017). This line of thinking was taken up even further by another interviewee, who maintained that the overarching strategy of international standard-setters (the OECD) was inherently unethical and dangerous for individual clients, representing "fishing expeditions" that deprived people of their privacy (CSP11, 2017). It was further noted that it is the small island countries that were particularly vulnerable in their IT infrastructure, suggesting that the biggest losers in the context of transparency standards are the less powerful countries:

> *And the other thing, even if you are doing these report(ing)s, I mean, IT infrastructure in Seychelles, how is this data being protected? You know, this is the other thing. If people can hack into government websites and things like that, then how far better encryption they think they can.. you know, if they really want all that personal information about people, they can go after .. and just get it. And we know governments hack, governments hack other governments, you know. (CSP5, 2017)*

These findings represent unequivocal evidence that compliance with enhanced beneficial ownership transparency does not resonate with practitioners in the financial services sector in Seychelles. We have established that practitioners separated the compliance function from their business activities, thus indicating the lack of integration between the two. These requirements elicited negative feelings from practitioners, be they concerned with the detriment to their business, the unnecessary exposure of confidential information to breaches and cyberattacks, or various international crimes and instances of injustice. In the face of these disincentives, there seems to be little motivation for compliance dividuals to engage with the transparency requirements in a meaningful way. In the next sub-subsection, we look at the possibilities of resistance to luminous arrangements, which are conceptualised as lines of flight.

5.4. Resistance to luminous arrangements through lines of flight

The Deleuzian fluid and dispersed control (Barthold, Dunne and Harvie, 2018, p.9; Deleuze, 1988, p.38) embodied in luminous arrangements creates an avenue for resistance through lines of flight (Deleuze, 2007, p.285). The creative and productive force of these lines allows the regulated assemblage to articulate the international standards in a way suitable and understandable in the national context, contributing to a version of transparency that is unique to a particular geographical locale. In this subsection, we explore the lines of flight created in the financial services sector in Seychelles in response to luminous arrangements.

Enhanced ownership transparency standards appeared to trigger certain qualitative changes of customer profiles and the business models of Seychelles' financial industry consumers. A transparency-related bureaucratic burden emerged as a deterrent for those clients who were "dreamers and speculators", seeking privacy "for the reasons of intense competition" (CSP12, 2017). It was pointed out that some clients were discouraged from continuing their use of Seychelles financial services as these were becoming less affordable due to increased compliance costs, while only "bigger clients" continued using international structures (CSP6, 2017). As a result, practitioners seemed to place more importance on developing more complex and "value-adding" products and services. One of the interviewees expressed an opinion that using higher value structures, in fact, was the only way forward for the industry in Seychelles:

> *I mean, we see the volumes are going down, our firm in particular, we have never focused on that intermediary model anyway. So, what we are finding, we have stayed with the higher value structures with clients... So, I think the firms that are able to adapt and are able to*

provide value-added services will survive, and maybe will be better off than they even were. The ones that can't make that transition which, unfortunately, I think there will be a lot of firms in Seychelles, they will probably, slowly, they will die a slow death, because just incorporating a company, keeping registers of the office these days, won't be enough to have a sustainable business administration (CSP8, 2017)

As the interviewee above explains, the enhanced visibility efforts created an incentive to increase the complexity of the corporate services offered to clients. These were referred to as value-adding business solutions, where the practitioners placed value in the complexity of the products offered. We conceptualised this qualitative change as the first line of flight created in response to luminous arrangements. Thus, the initiative aiming to bring about more clarity and transparency appeared to facilitate more complexity associated with the products offered, which, in turn, may have created more obscurity around beneficial ownership. Visibility effectively facilitates the creation of additional predicaments for law enforcement and other interested parties in their investigative efforts to identify the owners of legal structures.

Another line of flight created by the Seychelles financial services assemblage was an effort to limit the degree of direct engagement with luminous arrangements. The overall strategy of this type of resistance seemed to consist in preventing the integration of compliance procedures into daily business activities. As has already been pointed out in the previous subsection, the distinction between the two was already implicit in the daily routines of the practitioners. Apart from the mental separation, limiting engagement with luminous arrangements also happened on a spatial level, when visibility procedures were effectively outsourced. For example, compliance procedures associated with beneficial ownership transparency could be done by the head office of the company located outside Seychelles (CSP14, 2017), and this geographical separation of compliance procedures was justified by several factors, including lack of internal resources, and the necessary experience and expertise in Seychelles. Allegedly, doing all the compliance work in the Seychelles office would represent a significant detriment to the compliance and investigatory work envisaged by international requirements. Some interviewees even advocated outsourcing as the key to successful compliance with international standards, expressing their concerns about corporate service providers that did not have such "fortunate" compliance outsourcing arrangements (CSP17, 2017). The outsourcing also involved delegating compliance procedures to foreign intermediaries for reasons of efficiency and the accuracy of investigations:

In fact, people often are against intermediaries collecting the due diligence documents, but most of the time it is more effective to have the intermediaries collect all the appropriate documentation. They are based in the country, they know people, addresses, and the format of national documentation better, thus benefiting from the local knowledge. Therefore, working with intermediaries can be very helpful if the clients are coming from their own country. (CSP15, 2017)

The aspiration to separate the two areas already lacking integration, whether on a physical or mental level, represents a limiting factor in the context of meaningful engagement with transparency standards. Such outsourcing practices prevent practitioners from fully engaging with luminous arrangements, thus limiting the possibility of transformative capabilities of transparency.

The lines of flight discussed so far have been relatively successful in terms of exercising resistance to luminous arrangements in a creative way. We have encountered an attempted line of flight, which has not been as successful, and we now turn to presenting these findings. The soft nature of international regulations implies that the regulated assemblages were given a certain degree of latitude when it came to implementing international requirements within the national legislative framework. This latitude, in turn, created the possibility of another line of flight, which took the form of legislative ring-fencing. The FATF recommendations on the transparency of beneficial ownership (24 and 25) aim to cover a wide variety of legal persons, arrangements, and entities. When choosing which legislation needed to reflect these recommendations, the national regulators of Seychelles opted to amend the International Business Companies Act (Part XX Section 355). As a result, the relevant requirements were imposed on only two types of products offered by the national financial services sector: International Business Companies (IBCs) and Special Licenced Companies (CSLs). The regulators justified this decision by the importance attached to these products, both locally and internationally, by the standard-setters:

For the moment, we've been looking at IBCs and CSLs, because they are the most important for our industry. And they were identified first by the Secretariat of the OECD. (R1, 2017)

In other words, the enhanced transparency standards were applied exactly where the standard-setters were expected to be monitoring compliance, the two products that were in the spotlight internationally. Other products, which allegedly could be more vulnerable to financial wrongdoings, remained under the international standards' radar (CSP2, 2017). The choice of these two products was also explained by the ease with which the standards could be imposed upon international companies, as they did not have any lobbying power, unlike locally established businesses (P1, 2017). Putting the reasoning aside, the legislative ring-fencing strategy eventually rebounded through the Mutual Evaluation Report issued by the FATF more than a year after the interviews had been conducted (ESAAMLG, 2018, pp. 10-11). At the time of writing, it appears that Seychelles responded to this criticism in March 2020 by passing the Beneficial Ownership Act 2020 (Financial Services Authority and Financial Intelligence Unit, 2020), expanding the scope of the transparency standards requirements to include such products as foundations, partnerships, protected cell companies, and trusts, in the remit of beneficial ownership transparency standards.

This summarises an unsuccessful attempt to create a legislative line of flight that triggered intervention from an international monitoring body. The two successful lines of flight discussed earlier, namely, the perceived need to develop products that were more complex and to outsource engagement, appeared to represent the resistance to luminous arrangements. In the next section, we will discuss the findings of our study of Seychelles and offer some concluding remarks.

6. Discussion and conclusion

In this study, we have observed that engagement with beneficial ownership transparency standards provided the impetus for changes in business practices and the national regulatory approach in Seychelles. More specifically, practitioners impacted by the standards became increasingly concerned with the form rather than content of beneficial ownership registers. The accuracy of information appeared to be side-lined, and even compromised, in the face of stringent penalties associated with blanks in the registers, an incongruence between the form and the ownership structures, and a lack of content verification mechanisms. The national regulatory landscape appeared to shift towards self-policing, whereby practitioners were expected to report instances of non-provision of ownership information, while the verification of information authenticity seemed to move beyond the jurisdictional realm, namely, to intermediaries and end clients. The CSP's policies to separate the compliance work from business functions emerged as limiting factors for the potentially transformative capabilities of transparency. Our research complements the existing research on beneficial ownership transparency regarding various loopholes and omissions in the standards' design (Yeoh, 2018; Campbell, 2018; Meinzer, 2019; Gilmour, 2020) by exploring the practical compliance issues faced by human multiplicity that are subject to these requirements. While not necessarily rejecting the possibility of the potential involvement of professional intermediaries in obscuring beneficial ownership (Lord, Wingerde and Campbell, 2018; Picciotto, 2020), our findings suggest that the impression portrayed in this literature is an over-simplification of a complex and uncertain process of engagement with beneficial ownership transparency. We found that transparency itself may elicit compliance processes that contribute towards the obfuscation of ownership information. This resonates with the argument that the desired transparency outcomes are not achievable, even when those subject to visibility efforts are willing to be fully transparent (Roberts, 2009).

While focusing on beneficial ownership transparency, our findings also offer a contribution to the broader tax transparency research. The literature on the AEI and BEPS projects has identified a fundamental tension between transparency initiatives and the aim of countering harmful tax practices. International standards in this area have been found to be riddled with omissions (Meinzer, 2019; Janský, Meinzer and Palanský, 2021), while promoting unequal application at the international level (Haberly and Wójcik, 2015; Hakelberg and Schaub, 2018; Sharman, 2017), enticing mock compliance (Woodward, 2016; Picciotto, 2020) and political deliberations (Ylönen, 2019; Meinzer, 2019; Picciotto, 2020). Our findings suggest that transparency standards have evidently proved very difficult to implement and comply with for practitioners in the national context and that more research needs to be conducted to improve our understanding of the practical issues associated with international tax transparency initiatives.

While adding to the existing body of literature on the limits of transparency (see e.g. Tsoukas, 1997; Strathern, 2000; see e.g. Geraats, 2002; O'Neill, 2002; Morris and Shin, 2002; Strathern, 2004; Roberts, 2009; Albu and Flyverbom, 2016), our detailed analysis provides a more nuanced understanding of transparency operations in the national context. A Deleuzean conceptualisation of power allowed us to investigate the impact of transparency on separate job functions and, thus, avoid the problematic status of the individual as an "undividable" unit of analysis (Hoskin, 2015). While international standards can be characterised by their ubiquity and boundary-spanning precision in targeting particular dividuals/job functions, their impact remains fragmented, having little regard for the overall effect on practices and the regulatory landscape in the national context. Neither does it anticipate the knock-on effect on other dividuals within the fragmented subjectivity. Instead of targeting individuals, it seeks to fragment human subjectivity into a multiplicity of dividuals, and then target separate dividuals, or job functions to affect their behaviours and procedures. Societies of control appear to be in tune with the way power operates in our digital age. Its fluidity allows us to explain the ability of standards to span geographical boundaries yet exert influence only on separate elements of a fragmented subjectivity. Conceptualising beneficial ownership transparency regimes as luminous arrangements opened up an opportunity to analyse the interaction between the elements of the transparency regime and the elements of the regulated assemblage, the Seychelles financial services industry. Under such a conceptualisation, the impact of luminous arrangements cannot be understood without taking into consideration the set-up in a particular national context at a given time, and without due regard to the role of the regulated assemblage in this two-way interaction. In other words, luminous arrangements attempt to influence the preceding realities of the established national financial industry, which, in turn, attempts to influence luminous arrangements by unmaking and reinterpreting the diagram of international requirements through its unique national lens. Our analysis has highlighted three avenues of resistance, lines of flight, that the regulated assemblage created in response to beneficial ownership transparency. While the legislative ring-fencing represented an unsuccessful attempt to outpace the regulatory requirements, the ring-fencing of compliance and an incentive to create more complex products emerged as the viable resistance options.

Our findings stand in stark contrast to the argument that form-based controls increase the effectiveness of a luminous arrangement in countering undesirable practices (Neu, Everett and Rahaman, 2015). The interviewees with a reporting function found themselves in a situation where the form of reporting took priority over the content, thus significantly increasing the bureaucratic burden, rather than countering opacity in ownership structures. The interviewees performing the investigating role admitted that they felt they were less certain about the information they gathered and that, at times, they had to prioritise form over substance for the sake of the simplicity of the information that the ownership registers seemed to require. The accounts provided by interviewees performing both reporting and investigating functions suggest that information verification was increasingly shifting to the end clients/intermediaries. The national regulatory approach, at the same time, was becoming reliant on self-reporting, or self-policing, whereby the regulators would act on the information provided by practitioners to investigate instances of non-compliance with transparency requirements. To note, non-compliance in this instance meant the failure to provide information rather than the failure to provide correct and verified information. Transparency appeared to have a (mostly) bureaucratic impact on the separate job functions, resulting in decisions informed by expediency rather than professional judgement when it came to beneficial ownership identification and disclosure. Interestingly, this seemed to be the result of restricting compliance requirements and form filling rather than the practitioners' desire

to derail the impact of the international regulatory regime. The lack of guidance on verification mechanisms could be understood as a signal for a shift to bureaucratic compliance, as the fact of filling in the register form appeared to be a key element to evidence compliance. Instead of attempting to minimise obscurity regarding beneficial ownership, reporting and investigating dividuals seemed to be more concerned with ensuring there are no blanks in the ownership register form. The uncertainties, along with the occasional irreducibility of beneficial ownership information, could jeopardise professional judgement concerning information verification as it would involve responding to early warning signals and admitting mistakes (Jordan, Jørgensen and Mitterhofer, 2013, p.157), and the associated transparency requirements did not reward these attempts. Effectively, professional judgement on verifying ownership information becomes re-constructed as a largely technical task, or "token compliance" (MacLullich, 2003, p. 796). Whether by accident or by design, the content quality of ownership registers appears to be secondary to the enhanced beneficial ownership transparency regime.

Transparency, in this light, can be seen not so much to reflect as to reconstitute practices and procedures in the financial services sector. The transformative capabilities of transparency appear to be reduced to the shift towards bureaucratic form filling, away from the focus on the authenticity of the information provided. Our investigation into the changes in the compliance function initially produced mixed results, with some interviewees interpreting compliance with transparency standards as a checklist, while others suggested that compliance work took a significant amount of time. Notwithstanding this divergent approach to compliance, the lack of integration between standards and business activities became apparent. Rather than considering their practices and activities as being compliant with international requirements, practitioners perceived compliance as a separate activity, one which could be detrimental to their business. This insight appeared indicative of a systemic tendency to limit engagement with transparency, constituting a line of flight created in response to international standards requirements. If the main goal of luminous arrangements is to influence practices and behaviours of those subject to transparency regulations, the successful ring-fencing of business from compliance procedures neutralises the potentially transformative capabilities of the enhanced beneficial ownership transparency regime. Practices involving outsourcing compliance procedures (to other offices, jurisdictions, designated persons) significantly limit the level of engagement of professionals with transparency standards. The existing literature suggests that transparency regimes are incapable of bringing about favourable behavioural change due to loopholes in the regimes and the unpredictability of transparency outcomes (Fung, Graham and Weil, 2007; Power, 2007; Roberts, 2009; Ringel, 2018). In contrast, our findings highlight systemic issues on the level of engagement with transparency standards, and the limited capabilities of transparency to affect those who are subject to these requirements.

Finally, our findings have implications for international policymaking in the area of tax transparency initiatives. First, the impact of such initiatives could be isolated to a particular job function, and if this job function is outsourced, then there is no direct impact on the conduct and practices of practitioners in the national settings. A careful consideration of the functions impacted by transparency is needed, followed by an analysis of national contexts and the circumstances of implementation and engagement. Second, a clear understanding of where responsibility for the verification of ownership information rests needs to be established. Our findings suggest that it might be cascaded to intermediaries, where standards could be applied less stringently due to regulatory latitudes granted for not appearing in the regulatory spotlight (Haberly and Wójcik, 2015; Hakelberg and Schaub, 2018; Sharman, 2017), or even ultimate clients, who might not be covered by the standards. Another important question is: If certain clients leave their previous legal arrangements in one jurisdiction due to prohibitive compliance costs or unacceptable exposure to transparency standards, where do these clients go? This raises a further concern as to whether it is productive, or at all necessary, to apply a risk-rating approach in categorising countries as tax havens and non-tax havens if the end goal is to eliminate international harmful practices, be these tax evasion or money laundering. After all, the success of international regulatory frameworks is dependent on the participation of each individual country. Finally, the content that becomes available through transparency initiatives needs to be carefully considered. The impact of beneficial ownership transparency requirements, at least some aspects of them, appeared to be counterproductive to the goals of reducing obscurity around assets and company ownership. Effectively, there is a risk of distorted snapshots of selective and simplified data becoming a false assurance to those who are on the receiving end of transparency outputs. Engagement with beneficial ownership transparency standards appeared to neither promote nor ensure the accuracy of the reported information. Combined with the shifting landscapes of obfuscation, for example, when clients change financial and legal products or jurisdictions in response to national compliance efforts, these observations suggest that the predicaments of successfully tracing assets and lost tax revenues are increasing rather than diminishing.

The research results presented in this paper have limitations that create opportunities for future studies. While Deleuzian philosophy highlights the unique nature of each assemblage, prompted by the haphazard movements and dynamic connections of its elements, our findings could be indicative of certain tendencies that persist in jurisdictions other than Seychelles. This will most certainly be the case for financial centres that are in the limelight of international regulatory monitoring due to being labelled non-compliant or a tax haven, for example. For instance, the issues with uncertainty around the term *beneficial ownership* in various countries have been documented in academic literature (Yeoh, 2018; Meinzer, 2019; Gilmour, 2020). Seychelles is perhaps an outlier due to its late adoption of financial services, its limited variety of products, and its lack of expertise and resources. It would be insightful to see how other countries deal with these uncertainties when filling out ownership registers, and what position their respective national regulators take on the verification of ownership information. While the legislative ring-fencing of beneficial ownership standards was unsuccessful in the case of Seychelles, countries offering a wider variety and complexity of solutions might have greater flexibility in terms of limiting the impact of the standards on selected products. Outsourcing certain functions and areas of work has become widespread in the current digital age; hence, we can assume that Seychelles is not the only jurisdiction where practitioners outsource their compliance function. From this perspective, tracing the actual impact of international transparency standards would make an insightful research project. It would be interesting to study this topic in one of the OECD countries, to explore how the results might differ due to the alleged application of double standards in the international regulatory landscape (Haberly and Wójcik, 2015;

Hakelberg and Schaub, 2018; Sharman, 2017). Our theoretical framework is useful in recognising that international standards influence only certain aspects of an individual's work, and we hope our conceptual approach provides the necessary tools for a sub-individual analysis of a similar impact.

Table A1
Interview participants.

No of interview	No of Participants	Code	Role	Date	Duration
1	2	CSP*1 CSP2	CSP/Seychelles	21/04/2017	80 mins
2	1	P1	Policy maker/Seychelles	22/04/2017	90 mins
3	1	L1	Lawyer/Seychelles	25/04/2017	45 mins
4	2	CSP3 CSP4	CSP/Seychelles	26/04/2017	60 mins
5	2	R1R2	Regulator/Seychelles	28/04/2017	100 mins
6	1	CSP5	CSP/Seychelles	09/05/2017	60 mins
7	1	CSP6	CSP/Seychelles	03/05/2017	90 mins
8	1	L2	Lawyer/Seychelles	10/05/2017	110 mins
9	1	R3	Regulator/Seychelles	11/05/2017	40 mins
10	1	CSP7	CSP/Seychelles	16/05/2017	60 mins
11	1	CSP8	CSP/Seychelles	17/05/2017	50 mins
12	1	CSP9	CSP/Seychelles	22/05/2017	60 mins
13	3	CSP10-12	CSP/Seychelles	23/05/2017	70 mins
14	1	CSP13	CSP/Seychelles	24/05/2017	35 mins
15	1	CSP14	CSP/Seychelles	25/05/2017	60 mins
16	1	P2	Policy maker/Seychelles	26/05/2017	45 mins
17	1	CSP15	CSP/Seychelles	29/05/2017	65 mins
18	1	CSP16	CSP/Seychelles	30/05/2017	40 mins
19	1	CSP17	CSP/Seychelles	31/05/2017	60 mins
20	1	R4	Regulator/Seychelles	01/06/2017	120 mins
21	1	P3	Policy maker/Seychelles	02/06/2017	60 mins
22	1	P4	Policy maker/Seychelles	05/06/2017	70 mins
23	1	CSP18	CSP/Seychelles	07/06/2017	90 mins
24	1	R5	Regulator/Seychelles	08/06/2017	90 mins
25	1	RE1	Real estate/Seychelles	09/06/2017	40 mins
26	2	CSP19	CSP/Seychelles	11/06/2017	100 mins
27	1	CSP20	CSP/Seychelles	12/06/2017	70 mins
28	1	CSP21	CSP/Seychelles	13/06/2017	120 mins
29	1	CSP22	CSP/Seychelles	14/06/2017	100 mins
30	1	N	Nominee/Seychelles	15/06/2017	110 mins
31		PD	Panel Discussion CSPs 23–26, Regulators Rs 6–7, Policy makers P5-7	16/06/2017	Whole day (590 min)

*CSP – Corporate Service Provider.

Funding

This work was supported by the Birmingham Business School, and the research grant kindly provided by the Chartered Institute of Taxation.

CRediT authorship contribution statement

Mayya Konovalova: Data curation, Investigation, Conceptualization, Methodology, Writing – original draft. **Penelope Tuck:** Supervision. **Rodrigo Ormeño Pérez:** Supervision.

Declaration of Competing Interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

Appendix

Table A1

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