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EVALUATING THE EFFECTIVENESS OF SAUDI ARABIA'S BENEFICIAL OWNERSHIP DISCLOSURE REGIME: LEGAL STRUCTURES, INSTITUTIONAL CAPACITIES, AND COMPLIANCE OUTCOMES

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ABSTRACT

The disclosure of beneficial ownership information is widely recognized as a key mechanism for promoting transparency in corporate and commercial activities, strengthening regulatory oversight, and combating illicit financial practices. In line with international anti-money laundering and counter-terrorism financing standards, Saudi Arabia has developed a legal and institutional framework governing beneficial ownership disclosure within its corporate sector under the broader reform agenda of Vision 2030. Although the country has introduced comprehensive legal provisions in this area, questions remain regarding the practical effectiveness of the beneficial ownership disclosure regime. Moreover, existing scholarship provides limited evaluation of how effectively the current legal structures and institutions operate in practice. This paper therefore examines the effectiveness of the beneficial ownership disclosure regime in Saudi Arabia. The study adopts a qualitative doctrinal legal research method to analyze relevant statutes, regulations, and institutional mechanisms. The findings indicate that Saudi Arabia's legal framework largely aligns with international standards and clearly establishes disclosure obligations for corporate entities. However, certain institutional and implementation challenges limit the full effectiveness of the regime. The paper concludes that while the legal structure for beneficial ownership disclosure in Saudi Arabia is well developed, its practical effectiveness remains constrained by operational and enforcement limitations.

KEYWORDS: Beneficial Ownership; Corporate Transparency; Regulatory Oversight; Anti-Money Laundering; Saudi Arabia; Legal Framework.

1. INTRODUCTION

Beneficial ownership disclosure is a fundamental component of modern corporate governance, financial transparency, and global anti-money laundering (AML) and counter-terrorism financing (CFT) frameworks. By requiring legal entities and arrangements to identify and disclose the individuals who ultimately own or control them, beneficial ownership systems help prevent the misuse of corporate structures for illicit activities such as money laundering, tax evasion, and corruption (Financial Action Task Force [FATF], 2014; OECD, 2019). Consequently, international regulatory bodies increasingly emphasize effective beneficial ownership transparency as an essential element of sound regulatory oversight and financial integrity.

Saudi Arabia has undertaken significant legal and institutional reforms to strengthen its beneficial ownership disclosure framework. These reforms form part of the Kingdom's broader economic and governance transformation under the Vision 2030 initiative and reflect its commitment to meeting international AML/CFT regulatory standards (FATF, 2023). Regulatory instruments issued by Saudi authorities outline disclosure obligations for companies and define the roles of relevant institutions responsible for oversight and enforcement. However, the existence of legal provisions alone does not necessarily guarantee effective implementation or full compliance with beneficial ownership requirements.

Growing international regulatory discourse highlights persistent challenges in the implementation of beneficial ownership regimes, including limited verification mechanisms, weak inter-agency coordination, and inconsistent enforcement practices (World Bank, 2020; Transparency International, 2021). While Saudi Arabia's regulatory reforms have been widely recognized, systematic academic assessments of their operational effectiveness remain limited.

This study therefore seeks to move beyond descriptive discussions of beneficial ownership regulation in Saudi Arabia by critically examining the effectiveness of the country's disclosure regime.

Existing literature largely focuses on general AML/CFT compliance and offers limited analysis of the interaction between legal frameworks, institutional arrangements, and regulatory compliance. By employing a doctrinal legal analysis, this research evaluates not only the formal legal framework but also the institutional mechanisms responsible for oversight and enforcement. In doing so, the study contributes to the broader scholarship

on corporate transparency, regulatory governance, and AML/CFT compliance in emerging regulatory systems, with particular attention to the relationship between legal structures, institutions, and compliance in Saudi Arabia.

2. LITERATURE REVIEW

2.1. *Theoretical Framework*

This study is grounded in Regulatory Governance Theory, which provides a useful framework for examining the relationship between legal rules, institutional arrangements, and regulatory outcomes. The theory emphasizes that the mere existence of legal provisions does not guarantee effective regulation. Rather, the effectiveness of regulation depends on how laws are designed, implemented, and supported by competent governance structures. Scholars such as Black (2008) and Zinnbauer and Pires (2019) argue that regulatory success is closely linked to the quality of governance mechanisms and the capacity of institutions responsible for implementing and enforcing legal rules.

Within this framework, the interaction between regulators and regulated actors becomes central to understanding compliance. Regulatory governance literature highlights that compliance is not achieved solely through coercive enforcement but also through the perceived legitimacy, fairness, and institutional credibility of the regulatory system (Tyler, 2006; Braithwaite, 2008). When regulatory institutions are viewed as transparent, competent, and consistent, regulated entities are more likely to comply voluntarily with disclosure obligations. Conversely, weak enforcement mechanisms, limited institutional capacity, or ambiguous legal provisions may reduce compliance levels even where strong laws exist.

In the context of beneficial ownership disclosure, Regulatory Governance Theory allows for a broader assessment that goes beyond formal legal provisions. It facilitates analysis of the coherence of the legal framework, the effectiveness of enforcement mechanisms, and the institutional capacity of regulatory bodies responsible for implementation. Previous studies have shown that gaps in coordination, monitoring, and enforcement can undermine otherwise well-designed transparency regimes (FATF, 2023; Zinnbauer & Pires, 2019).

Applying this theoretical perspective enables the present study to examine both the design and the operationalization of Saudi Arabia's beneficial ownership disclosure regime. The framework provides analytical tools for evaluating the

coherence, enforceability, and institutional effectiveness of the regulatory system (Black, 2008; Fukuyama, 2013). It also highlights the role of institutions responsible for implementing and monitoring disclosure requirements, thereby allowing for a more comprehensive understanding of the factors influencing regulatory outcomes (OECD, 2021).

Overall, Regulatory Governance Theory provides both an analytical and normative foundation for this research. By emphasizing the relationship between legal structures, institutional capacity, and regulatory legitimacy, the theory helps explain variations in compliance and enforcement within beneficial ownership regimes. Consequently, it supports the development of practical recommendations aimed at strengthening transparency, accountability, and institutional coordination within the beneficial ownership disclosure system in Saudi Arabia (Tyler, 2006; Braithwaite, 2008; FATF, 2023).

3. CONCEPTUAL FRAMEWORK

3.1. *Concept of Beneficial Ownership and Global Standards*

Beneficial ownership refers to the natural person or persons who ultimately own or control a legal entity, regardless of the complexity of the ownership structure through which such control is exercised. Corporate ownership arrangements may involve multiple layers of entities, trusts, or nominee shareholders, which can obscure the identity of the true owner. Concealment of beneficial ownership information has frequently been associated with illicit activities such as money laundering, terrorism financing, tax evasion, and corruption. As a result, transparency in beneficial ownership has become a critical mechanism for strengthening financial integrity and corporate accountability worldwide.

International organizations have established standards to guide countries in implementing effective beneficial ownership disclosure systems. The Financial Action Task Force (FATF) and the Organisation for Economic Co-operation and Development (OECD) have played central roles in shaping these standards. FATF Recommendation 24 requires countries to ensure that accurate and up-to-date beneficial ownership information for legal entities is available and accessible to competent authorities in a timely manner. Similarly, the OECD emphasizes the importance of designing disclosure regimes that balance transparency with considerations such as privacy, enforceability, and administrative feasibility, thereby promoting both

regulatory effectiveness and investor confidence.

Scholarly literature consistently highlights the importance of beneficial ownership transparency in strengthening corporate governance and anti-corruption efforts. Lack of transparency in corporate ownership structures can undermine regulatory oversight and weaken public trust in financial institutions and regulatory authorities. By contrast, transparent ownership information allows regulators to monitor corporate activities more effectively, trace illicit financial flows, and facilitate cooperation among international law enforcement agencies investigating financial crimes.

Comparative experiences from jurisdictions such as the United Kingdom, the European Union, and Singapore demonstrate the importance of comprehensive legal frameworks combined with effective enforcement mechanisms (European Commission, 2020). These jurisdictions have implemented beneficial ownership registers and disclosure obligations that enhance regulatory oversight and improve investor confidence. Their regulatory approaches provide valuable insights for emerging transparency regimes, including those currently being developed in Saudi Arabia.

However, existing literature also emphasizes that legal adoption alone is insufficient to ensure effective transparency. Beneficial ownership oversight must be supported by mechanisms that verify the accuracy of disclosed information and ensure compliance with reporting obligations. From a regulatory governance perspective, beneficial ownership transparency should therefore be viewed not merely as a legal requirement but as a governance process that depends on data quality, institutional capacity, and regulatory coordination (Black, 2008; Sharman, 2017).

Regional scholarship on the Middle East and North Africa (MENA) highlights additional structural considerations affecting beneficial ownership transparency. Many economies in the region are characterized by concentrated ownership structures and family-owned businesses, which may complicate the identification of ultimate owners (OECD, 2019). Consequently, regulatory frameworks must balance transparency objectives with the economic and institutional realities of local corporate environments to ensure both compliance and practicality.

In the case of Saudi Arabia, recent academic and policy literature links beneficial ownership transparency to broader corporate governance and anti-money laundering reforms undertaken under Vision 2030 (Alshammari, 2021; Alzahrani, 2023). While the Kingdom's legal framework increasingly

aligns with international standards, existing studies suggest that the effectiveness of the system depends heavily on institutional coordination, regulatory capacity, and stakeholder engagement. These observations highlight the importance of further scholarly investigation into how beneficial ownership disclosure operates in practice within the Saudi regulatory environment.

3.2. Legal Frameworks for Beneficial Ownership Disclosure

Legal frameworks for beneficial ownership (BO) disclosure constitute a central component of regulatory governance. An effective legal framework defines corporate disclosure obligations, the scope of information required, and the consequences of non-compliance. In Saudi Arabia, recent regulatory reforms require companies to maintain accurate records of their beneficial owners and submit such information to relevant authorities. These measures align with international anti-money laundering and counter-terrorism financing standards and reflect the Kingdom's broader commitment to strengthening corporate transparency under Vision 2030 (Kingdom of Saudi Arabia, 2016).

Comparative studies highlight the importance of clear and enforceable legal provisions in ensuring the effectiveness of BO disclosure regimes. For example, the Fourth and Fifth Anti-Money Laundering Directives of the European Union established centralized beneficial ownership registers and provided competent authorities with access to ownership information for monitoring and verification purposes (European Commission, 2020). Although Saudi Arabia's legal framework includes definitions, disclosure obligations, and procedural requirements, questions remain regarding the effectiveness of verification mechanisms and oversight processes.

Legal scholars further emphasize that statutory provisions alone are insufficient to ensure effective oversight. BO regulations must be complemented by implementing instruments such as ministerial resolutions, regulatory guidelines, and corporate governance codes (Zinnbauer & Pires, 2019). In Saudi Arabia, the combination of statutory laws, Ministry of Commerce regulations, and oversight by the Financial Intelligence Unit creates a multi-layered regulatory structure designed to enhance transparency. However, the effectiveness of this structure depends on the coordination between these regulatory instruments and the institutions responsible for enforcement.

Another important consideration is the alignment

of national legal frameworks with international standards. International organizations such as the Financial Action Task Force (FATF) and the Organisation for Economic Co-operation and Development (OECD) emphasize the importance of harmonizing national regulations to facilitate international cooperation and reduce opportunities for regulatory arbitrage (FATF, 2012; OECD, 2021). Saudi Arabia's legal reforms demonstrate a clear effort to align domestic regulations with global standards. Nevertheless, the literature notes that limited research has examined how these legal reforms are integrated into the broader institutional framework.

Legal complexities may also arise when dealing with multilayered corporate structures and cross-border ownership arrangements. While Saudi Arabia's regulatory framework addresses domestic corporate entities, challenges may emerge when ownership structures involve foreign jurisdictions, trusts, or offshore entities. Scholars therefore argue that strengthening the analytical and investigative capacity of regulatory bodies is essential for verifying complex ownership information and ensuring the effectiveness of disclosure requirements (Alshammari, 2020).

3.3. Institutional Capacity and Regulatory Effectiveness

Regulatory institutions play a critical role in ensuring that legal frameworks function effectively in practice. Governance literature consistently emphasizes that even well-designed legal systems may fail if regulatory institutions lack the capacity to implement and enforce them effectively (Levi-Faur, 2014). In the context of beneficial ownership disclosure, institutional capacity includes the technical, administrative, and financial resources necessary to collect, verify, and monitor ownership information.

In Saudi Arabia, several institutions are responsible for implementing beneficial ownership regulations, including the Ministry of Commerce, the Saudi Arabian Monetary Authority, and the Financial Intelligence Unit (FATF, 2023). While the legal framework clearly outlines the roles of these institutions, existing literature suggests that implementation may encounter practical challenges related to information availability, verification procedures, and inter-agency coordination (Alshammari, 2020). These challenges are consistent with global findings indicating that legal reforms must be supported by adequate institutional infrastructure to achieve effective regulatory

governance.

Comparative research demonstrates that strong institutional support significantly improves compliance outcomes. In the European Union, higher compliance levels have been associated with centralized databases, effective verification mechanisms, and coordinated regulatory institutions (European Commission, 2020). By contrast, jurisdictions with fragmented regulatory responsibilities often face difficulties in implementing beneficial ownership disclosure requirements effectively. In Saudi Arabia, recent reforms have expanded institutional responsibilities, making coordination among regulatory bodies an increasingly important factor in ensuring regulatory effectiveness.

Institutional capacity also involves the ability of regulators to monitor compliance, detect violations, and impose sanctions where necessary. Effective enforcement requires trained personnel, investigative powers, and reliable information systems (Black, 2008). Without these mechanisms, disclosure requirements may lead only to formal or superficial compliance. Consequently, regulatory institutions must possess the technical expertise required to analyze ownership structures and identify potential misreporting.

Beyond enforcement, institutional capacity contributes to the development of a broader culture of compliance within the corporate sector. When regulatory authorities demonstrate consistent monitoring and enforcement, companies are more likely to treat disclosure obligations seriously. Conversely, weak oversight may encourage minimal compliance focused solely on meeting formal reporting requirements. This highlights the close relationship between institutional effectiveness, regulatory enforcement, and corporate behavior.

Corporate compliance behavior is itself a critical variable in the functioning of beneficial ownership oversight. Regulatory compliance research indicates that firms respond to regulatory requirements based on factors such as enforcement risk, compliance costs, reputational considerations, and organizational capacity (Ayres & Braithwaite, 1992). While large corporations often possess the legal and administrative resources necessary to meet disclosure obligations, small and medium-sized enterprises may face greater difficulties interpreting regulatory requirements and maintaining accurate reporting systems (OECD, 2020).

Scholars also identify the phenomenon of formalistic compliance, in which companies meet reporting obligations without ensuring the accuracy

or completeness of the information disclosed (Sharman, 2017). Such behavior tends to occur where enforcement mechanisms are weak or where regulatory oversight is perceived as limited. In Saudi Arabia, the prevalence of family-owned businesses may also complicate the identification of beneficial owners, particularly when control arrangements are informal or not clearly documented (Alzahrani, 2023). These factors highlight the importance of considering organizational and cultural contexts when evaluating the effectiveness of beneficial ownership regulation.

3.4. Compliance Outcomes and Challenges

Compliance with beneficial ownership disclosure requirements is influenced by multiple interrelated factors. Compliance theory suggests that regulated entities are more likely to follow regulatory requirements when they perceive them as fair, transparent, and consistently enforced. In the Saudi Arabian context, compliance outcomes depend not only on legal provisions but also on the enforcement practices and institutional credibility of regulatory authorities.

Empirical research indicates that compliance challenges frequently arise from complex corporate ownership structures, limited technical guidance, and inadequate monitoring mechanisms. Multilayered ownership arrangements and foreign investment structures can obscure the identification of ultimate beneficial owners, making verification difficult. In such cases, partial or inaccurate disclosure may undermine the effectiveness of the regulatory regime and reduce the transparency of corporate governance systems.

Effective enforcement mechanisms are therefore essential for improving compliance outcomes. International best practices emphasize the importance of sanctions, audits, and systematic monitoring in ensuring that disclosure requirements are taken seriously by corporate entities. While Saudi Arabia's legal framework provides for penalties and reporting obligations, existing literature suggests that stronger verification procedures and consistent enforcement may further enhance compliance.

Corporate awareness and engagement also play a significant role in compliance outcomes. Regulatory reforms often require companies to adopt new reporting procedures and internal governance mechanisms. Without adequate guidance and communication from regulatory authorities, companies may misunderstand disclosure requirements or underestimate the consequences of non-compliance. Research in regulatory governance

highlights the importance of clear regulatory communication and stakeholder engagement in improving compliance behavior (Braithwaite, 2008).

The literature therefore emphasizes the need to evaluate compliance outcomes as part of a broader assessment of regulatory performance. Effective beneficial ownership oversight requires not only formal legal obligations but also institutional capacity and corporate cooperation. Assessing the effectiveness of the Saudi Arabian regime requires a comprehensive analysis that considers legal structures, institutional capacity, and corporate compliance behavior simultaneously.

At the same time, the literature highlights significant opportunities associated with effective beneficial ownership regulation. Transparency in ownership structures can enhance investor confidence, improve financial integrity, and support international cooperation in combating financial crime (OECD, 2020). From a regulatory governance perspective, beneficial ownership oversight also contributes to broader regulatory modernization and institutional development (Levi-Faur, 2014).

For Saudi Arabia, effective BO regulation is closely linked to the country's economic diversification and international integration objectives under Vision 2030. Strengthening corporate transparency enhances the Kingdom's credibility in global financial markets and encourages foreign investment (Alzahrani, 2023). However, the benefits of transparency reforms depend on effective implementation and continuous improvement of regulatory systems (FATF, 2022).

Overall, the literature presents beneficial ownership oversight as both a regulatory challenge and an opportunity for improved governance. The success of these reforms ultimately depends on the interaction between legal frameworks, institutional capacity, and corporate compliance. Understanding how these elements operate together is therefore essential for evaluating the long-term effectiveness of beneficial ownership disclosure systems in Saudi Arabia.

3.5. Method and Materials

This study adopts a qualitative legal doctrinal research design, a method widely used in legal and regulatory scholarship to analyze the content, scope, and interpretation of legal frameworks (De Cruz, 2015; Watson, 2017). The doctrinal approach is particularly appropriate for examining the beneficial ownership disclosure regime in Saudi Arabia because it focuses on the interpretation and evaluation of statutory provisions, regulatory

instruments, and institutional arrangements. Through systematic analysis of relevant laws and regulations, the study evaluates the extent to which the Saudi legal framework promotes transparency and aligns with international standards such as those established by the Financial Action Task Force (FATF) (FATF, 2012).

The materials used in the study consist of both primary and secondary sources. Primary sources include Saudi Arabian statutes, regulations, and ministerial resolutions issued by authorities such as the Ministry of Commerce and the Financial Intelligence Unit. Secondary sources include scholarly publications, policy reports, and international guidelines issued by organizations such as the FATF and the Organisation for Economic Co-operation and Development (OECD). The inclusion criteria focus on documents directly related to beneficial ownership regulation, corporate transparency, and anti-money laundering frameworks published between 2010 and 2025. Both English and Arabic sources, including comparative studies on global regulatory standards, were considered. Documents unrelated to beneficial ownership regulation or published before 2010 were excluded to ensure relevance and currency.

The doctrinal research approach enables an integrated evaluation of legal structures, institutional capacity, and compliance outcomes. By analyzing statutory provisions alongside institutional practices and regulatory guidance, the study assesses the effectiveness of the legal framework and identifies challenges in enforcement and corporate compliance. This approach provides a comprehensive understanding of how legal rules and institutions interact to promote transparency and accountability, while also offering a foundation for policy recommendations aimed at strengthening the beneficial ownership disclosure regime in Saudi Arabia (De Cruz, 2015; FATF, 2012; Watson, 2017).

4. RESULTS AND DISCUSSION OF FINDINGS

This section presents the results of the analysis based on three central themes: legal structures, institutional capacity, and compliance outcomes.

The analysis of legal structures indicates that Saudi Arabia's beneficial ownership disclosure framework is broadly aligned with international standards, particularly FATF Recommendation 24 and OECD guidelines (FATF, 2012; OECD, 2021). The legal provisions require corporate entities to identify and maintain records of their beneficial owners, and ministerial regulations issued by the Ministry of

Commerce provide guidance on reporting and record-keeping procedures. These provisions establish a clear legal foundation for transparency and regulatory oversight.

Despite these strengths, several limitations are evident. The regulatory framework contains limited provisions regarding the verification of beneficial ownership information, particularly in cases involving complex corporate groups or offshore entities. Existing literature similarly notes that formal legal provisions alone do not guarantee transparency without robust verification mechanisms (Zinnbauer & Pires, 2019). Furthermore, although penalties for non-compliance exist, enforcement practices appear limited, which may weaken the deterrent effect of the regulations.

From an analytical perspective, these findings suggest that Saudi Arabia's legal framework provides a strong doctrinal foundation for beneficial ownership disclosure but requires further development in operational mechanisms. While reporting obligations are clearly defined and aligned with international standards, the effectiveness of the regime ultimately depends on the implementation and enforcement of these rules.

The analysis of institutional frameworks reveals a mixed level of effectiveness in enforcing disclosure requirements. Responsibility for implementation is shared among several regulatory bodies, including the Ministry of Commerce, the Financial Intelligence Unit, and the Saudi Arabian Monetary Authority (SAMA). Although these agencies possess the legal authority to oversee disclosure obligations, the findings indicate challenges related to inter-institutional coordination, human resource capacity, and verification processes (FATF, 2023).

Comparative literature emphasizes that institutional capacity is a critical determinant of regulatory effectiveness (Black, 2008; Fukuyama, 2013). Jurisdictions with well-developed regulatory agencies and integrated information systems tend to achieve higher levels of compliance with beneficial ownership requirements. In Saudi Arabia, the development of digital registration systems represents a promising step toward improving transparency, but institutional coordination and operational capacity remain in the process of maturation.

These findings highlight that the effectiveness of the legal framework is closely linked to the strength of the institutions responsible for its implementation. Without adequate institutional capacity and coordination, even well-designed legal provisions may fail to produce the intended regulatory

outcomes.

The analysis of compliance outcomes further illustrates the complex relationship between law, institutions, and corporate behavior. While many corporations maintain internal records of beneficial owners, the accuracy and completeness of such information remain uncertain. This situation appears to result from the complexity of disclosure rules and limited awareness among some corporate entities. Similar compliance challenges have been documented in global studies of regulatory governance (Tyler, 2006; Braithwaite, 2008).

Partial compliance poses a challenge to the effectiveness of the beneficial ownership regime in promoting transparency and reducing financial crime risks. The absence of systematic verification and limited public accessibility of ownership information may restrict the ability of regulatory authorities to detect illicit financial activities. Nevertheless, compliance levels appear higher among corporations that perceive the regulatory system as legitimate and credible (Tyler, 2006).

Overall, the findings suggest that the beneficial ownership disclosure regime in Saudi Arabia is legally robust but operationally evolving. While the legal framework aligns with international standards, challenges remain in verification, enforcement, and institutional coordination. These findings reinforce the importance of adopting a holistic approach that integrates legal reform, institutional capacity building, and corporate compliance strategies to achieve effective transparency and accountability.

4.1. Implications of the Study

The findings of this study have several important implications for regulatory reform and governance in Saudi Arabia. First, although the beneficial ownership disclosure regime aligns with international standards such as FATF Recommendation 24 and OECD guidelines, the identified gaps in verification and enforcement highlight the need to prioritize operational effectiveness. Future reforms should therefore focus on strengthening verification mechanisms, particularly for complex corporate structures and cross-border ownership arrangements.

Second, the study emphasizes the importance of institutional capacity in determining regulatory effectiveness. The limited coordination observed among agencies such as the Ministry of Commerce, the Financial Intelligence Unit, and SAMA suggests the need for more integrated governance mechanisms. Strengthening inter-agency cooperation and investing in human capital and

technical expertise will be essential for improving regulatory oversight.

Third, the findings highlight the need for more effective compliance and enforcement strategies. Reliance on self-reporting alone may not ensure accurate disclosure. A risk-based enforcement strategy combining regulatory guidance, monitoring, sanctions, and compliance support could significantly improve corporate transparency. Such strategies may also enhance corporate awareness of disclosure obligations, particularly for firms with complex ownership structures.

Fourth, the study has broader implications for financial integrity and economic governance in Saudi Arabia. Effective beneficial ownership regulation plays an important role in combating money laundering, corruption, and terrorism financing. Strengthening the disclosure regime can therefore contribute to improved investor confidence, enhanced financial system integrity, and stronger international credibility in line with the objectives of Vision 2030.

More broadly, the study contributes to the academic literature by highlighting the dynamic relationship between law, institutions, and compliance in emerging regulatory systems. It demonstrates that effective beneficial ownership regulation requires coordinated development of legal frameworks, institutional capacity, and compliance practices. These insights may be valuable for both policymakers and researchers examining financial regulation in non-Western regulatory environments.

4.2. Limitations of the Study

This study has several limitations. First, the doctrinal and qualitative nature of the research limits the ability to measure the practical effectiveness of the beneficial ownership disclosure regime quantitatively. The study focuses primarily on legal structures and institutional frameworks rather than empirical data on compliance rates or enforcement outcomes.

Second, the analysis is constrained by limited access to detailed institutional data and official statistics. Information related to the operational activities of regulatory agencies such as the Ministry of Commerce, the Financial Intelligence Unit, and SAMA is not always publicly available, which restricts the depth of institutional analysis.

Third, the limited transparency of corporate ownership information in Saudi Arabia also restricts the ability to evaluate the practical implementation of disclosure requirements. Without comprehensive

access to company data, it is difficult to assess the prevalence of inaccurate reporting or non-compliance.

Finally, the jurisdictional focus of the study limits the generalizability of the findings. While the research is informed by international standards and comparative literature, the regulatory, legal, and socio-economic context of Saudi Arabia may differ significantly from other jurisdictions. Nevertheless, the study provides valuable insights into beneficial ownership transparency within an emerging regulatory environment.

4.3. Future Directions of the Study

Future research could expand upon this study in several ways. First, researchers may adopt quantitative or mixed-methods approaches to complement the doctrinal analysis presented here. Such approaches could examine enforcement data, compliance rates, penalties, and patterns of regulatory violations to provide a more precise assessment of regulatory effectiveness.

Second, future studies could explore institutional coordination and regulatory processes in greater depth. Case studies examining information-sharing mechanisms between the Ministry of Commerce, the Financial Intelligence Unit, SAMA, and other regulatory bodies could provide valuable insights into how institutional dynamics influence verification and enforcement processes. Longitudinal studies could also evaluate the impact of capacity-building programs and digital governance initiatives on regulatory performance.

Third, technological innovation represents an important area for further research. Future studies may examine how digital governance tools – such as centralized registries, data-sharing platforms, big data analytics, and artificial intelligence – can enhance beneficial ownership transparency and regulatory monitoring. Such research would align closely with Saudi Arabia's broader digital transformation initiatives under Vision 2030.

Finally, comparative and cross-jurisdictional research could offer valuable insights into best practices for beneficial ownership transparency. Comparing Saudi Arabia's regulatory framework with those of jurisdictions that have more established beneficial ownership systems may help identify policy innovations and regulatory strategies that can strengthen the Kingdom's disclosure regime.

5. CONCLUSION AND RECOMMENDATIONS

This study examined the effectiveness of the beneficial ownership disclosure regime in Saudi Arabia by analyzing its legal framework, institutional arrangements, and compliance outcomes. The findings indicate that the legal framework is broadly aligned with international standards, including FATF Recommendation 24 and OECD guidelines, and provides clear reporting obligations for corporate entities. However, challenges remain in the areas of institutional coordination, verification mechanisms, and corporate compliance. Although the legal structure provides a solid foundation for transparency, its effectiveness depends on the capacity of regulatory institutions and the willingness of corporate entities to comply with disclosure obligations. The findings therefore highlight the importance of adopting an integrated regulatory approach that addresses legal, institutional, and behavioral factors simultaneously. In conclusion, strengthening the beneficial ownership disclosure regime in Saudi Arabia requires coordinated reforms across legal frameworks, institutional systems, and compliance strategies. By addressing these dimensions simultaneously, Saudi Arabia can enhance corporate transparency, strengthen financial integrity, and support its broader economic and governance

objectives under Vision 2030. Based on these findings, several recommendations are proposed as follows:

1. The legal framework should incorporate more robust verification mechanisms for beneficial ownership information, particularly for complex and cross-border corporate structures.
2. Regulatory authorities should strengthen enforcement practices and ensure consistent application of penalties for non-compliance.
3. Investment in human resources and technological infrastructure should be prioritized to enhance the capacity of regulatory institutions responsible for monitoring disclosure requirements.
4. The development of a centralized digital beneficial ownership registry could significantly improve coordination among regulatory agencies and facilitate efficient information sharing.
5. Regulators should implement awareness and training programs to improve corporate understanding of disclosure obligations and encourage voluntary compliance.
6. Continuous research and regulatory evaluation should be undertaken to assess the effectiveness of reforms and ensure alignment with evolving international standards.

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