

Transforming Data Collection: Bank of England and FCA Response to Data Standards Recommendations from the Joint Transformation Programme

Introduction

The Data Standards Committee of the joint industry-regulator initiative, Transforming Data Collection, [commissioned a Data Standards Review \(DSR\) which concluded in April 2023](#). In light of this review, the Data Standards Committee has made recommendations to advance the use of common data standards for the purposes of regulatory reporting. This document contains the Bank of England (including PRA) and Financial Conduct Authority (FCA) response to these recommendations.

The Bank of England and the FCA (the 'Authorities') broadly welcome the recommendations from the Data Standards Committee (DSC).

Background

In February 2021, the Bank of England (the Bank) published a [plan to 'transform data collection'](#). This proposed a decade-long reform agenda, aiming to transform regulatory and statistical data collections for the benefit of industry, the Bank (including PRA) and FCA.¹

Following on from the publication of the transformation plan, the Bank and FCA have set up a joint transformation programme in collaboration with industry. The programme has three aims:

- a. To identify the issues and challenges faced by authorities that use the data and industry participants that supply the data;
- b. To design and test solutions to those issues and new approaches;
- c. To consider the business case for the development and delivery of the solutions.

To date the programme has involved over 100 people from over 40 organisations, including banks, building societies, insurers and FMI firms.

Phase 1 of the programme ran from July 2021 until March 2022 and ended with the programme's two industry committees – the Data Standards Committee and the Reporting Transformation Committee – recommending actions and solutions to the Bank and FCA. These solutions are either now implemented, currently being implemented, or undergoing review by the Bank and FCA.

¹ [Transforming data collection from the UK financial sector: a plan for 2021 and beyond | Bank of England](#)

Phase 2 of the programme is currently underway. During phase 2 the programme team have been designing solutions in four use cases: Incident, Outsourcing and Third Party reporting, commercial real estate data, Retail Banking Business Model data and a strategic review of prudential reporting from FCA solo-regulated firms.

Bank of England and Financial Conduct Authority Response to Recommendations

Following [the publication of the recommendations from the DSC](#), the Bank and the FCA is now publishing its response to each recommendation.

Proposal in DSR report	Establish a formal Data Standards Committee to become the body responsible for the ongoing direction ² of data standards for financial services regulation
DSC Recommendation 1 (DR1)	The DSC agrees that a formal Data Standards Committee (Noted in this document as the Industry Data Standards Committee, or IDSC) should be established to provide ongoing recommendations regarding the use of data standards for regulatory financial data collections to the Bank of England & the Financial Conduct Authority, hereafter referred to as 'regulatory financial data collections'.
Bank and FCA Response	<p>We agree in principle that:</p> <ul style="list-style-type: none"> the UK needs a standing committee of industry experts with a remit to advise on the use of data standards for reporting to UK financial authorities (including regulatory, statistical and other reporting). the Industry Data Standards Committee's remit should be to evaluate, select and advise on the use of existing standards, if available, and recommend the development of new standards where existing standards are not adequate. (The new Industry Data Standards Committee should not itself develop new standards.) <p>We will work with the current DSC and new IDSC to develop updated Terms of Reference for the Committee in line with the above remit. We intend for these new Terms of Reference to apply from Q1 2024.</p>

² The EY report used the phrase 'ongoing oversight', but we have used the phrase 'ongoing direction' here to more accurately express the role of the Data Standards Committee on the programme.

Proposal in DSR report	Define the role of the authorities ³ in data standards
DSC Recommendation 2 (DR2)	The role of the authorities - The DSC recommends that authorities should: <ol style="list-style-type: none"> 1. Be full members of the IDSC. 2. 'Mandate' the adoption of standards recommended by the IDSC by incorporating them into regulatory financial data collection requirements.
Bank and FCA Response	<ul style="list-style-type: none"> • The authorities should serve on the committee as observers to ensure clear distinction between the regulatory view and the views of industry. • In response to DSC Recommendation 1, the Bank and FCA accepted the Committee's recommendation that its remit should concern adoption of existing data standards for use, because of the potential benefit of applying data standards to data used for regulatory and other reporting to authorities. • If the IDSC were to recommend that the industry adopt certain data standards, these would not automatically become regulatory requirements – this would only happen if the authorities formally decided to make them requirements. • Authorities can and should require the mandatory adoption of data standards where there is a clear public policy case for doing so, in line with statutory objectives (and where appropriate for the Bank, its other legal rights and responsibilities). Any mandate would need to follow statutory requirements on making rules. • Alongside mandating standards, authorities have a range of softer tools available to us to promote the use of standards, such as publishing a roadmap and committing to the use of certain standards in the future.

Proposal in DSR report	Agree a taxonomy of financial services data standards to support ongoing recognition of their usage and development requirements
DSC Recommendation 3 (DR3)	Taxonomy – The IDSC should adopt a taxonomy for the regulatory reporting space as a key initial output.
Bank and FCA Response	<ul style="list-style-type: none"> • We agree that there is a need to create a taxonomy of financial data standards to classify and describe the standards currently used in regulatory and other data collection by the Bank, PRA and FCA.

³ The EY report and the DSC recommendations use the word 'regulators', but we have used the word 'authorities' here to reflect that the Bank of England's data collections are in scope of the work of the DSC, not just the PRA and FCA.

Proposal in DSR report	Agree a standard set of metrics associated with the use of data standards to support ongoing benefits identification and prioritisation of effort required to iterate and develop.
DSC Recommendation 4 (DR4)	Metrics – The IDSC should develop a set of metrics around data standards, potentially with support from a third party.
Bank and FCA Response	<ul style="list-style-type: none"> As part of the next phase of the joint transformation programme, we will work with the IDSC to advise on the development of a framework to measure the costs and benefits arising from the development and adoption of data standards and to measure the extent of adoption. When advising the authorities on the development, and/or adoption of a given standard, we would propose the IDSC draw on the benefits framework and measurement approach.

Proposal in DSR report	Create and publish the roadmap for strategic implementation of financial services data standards and an associated programme with budget to deliver.
DSC Recommendation 5 (DR)	The IDSC should produce a suggested roadmap which sets out long-range strategic goals for recommending data standards that help simplify and standardise all regulatory financial data collections in the UK. This should include the creation of an inventory of regulatory financial data collections and their associated data elements.
Bank and FCA Response	<ul style="list-style-type: none"> The authorities will publish a roadmap for simplifying and standardising regulatory and other data collection by the Bank, PRA and FCA. We will create an inventory of UK reporting elements. We agree this inventory should serve as a tool to help identify gaps and inconsistencies in standards adoption.

The Bank and the FCA need to consider how this work will be funded and resourced before making any commitments on timelines. An update will be provided on the scope and timelines in the next phase of our joint transformation programme in Q1 2024.