

## Transforming Data Collection – response to phase two industry recommendations and future strategy

The Bank of England (the Bank) and the Financial Conduct Authority (FCA) are working together and with industry to improve the data collections process for both regulators and firms.

In February 2021, the two regulators published a [Transformation Plan](#) to address the issues with data collection. This plan set out the vision that “Regulators get the data they need to fulfil their mission, at the lowest possible cost to industry” with three key areas central to achieving this - defining and adopting common data standards; modernising reporting instructions; and integrating reporting.

Over the past three years, a Joint Transformation Programme (JTP) between the Bank, FCA and industry investigated these central areas with reference to tightly defined use cases agreed with industry. Industry made several specific recommendations, and regulators have designed and tested solutions in response. Building on the learnings from the JTP, the Bank and FCA are now planning several projects over the next 18 months to improve data collection.

### Five outcomes to ensure regulators get the data they need at the lowest cost

The vision remains that regulators get the data they need at the lowest possible cost. The Bank and FCA have identified five outcomes that contribute towards this vision, which they will continue to work closely together on, and in consultation with industry.

1. Data collections meet and are proportionate to regulators’ needs.
2. Effective and efficient internal processes for creating data collections.
3. Efficient processes and support for meeting regulatory obligations.
4. Clear and consistent data definitions.
5. Modern systems to underpin data collections.

The United Kingdom’s departure from the European Union means that there is an opportunity to reconsider what data is collected through regular regulatory returns, the approach to collecting it, and to ensure the necessary capabilities are in place.

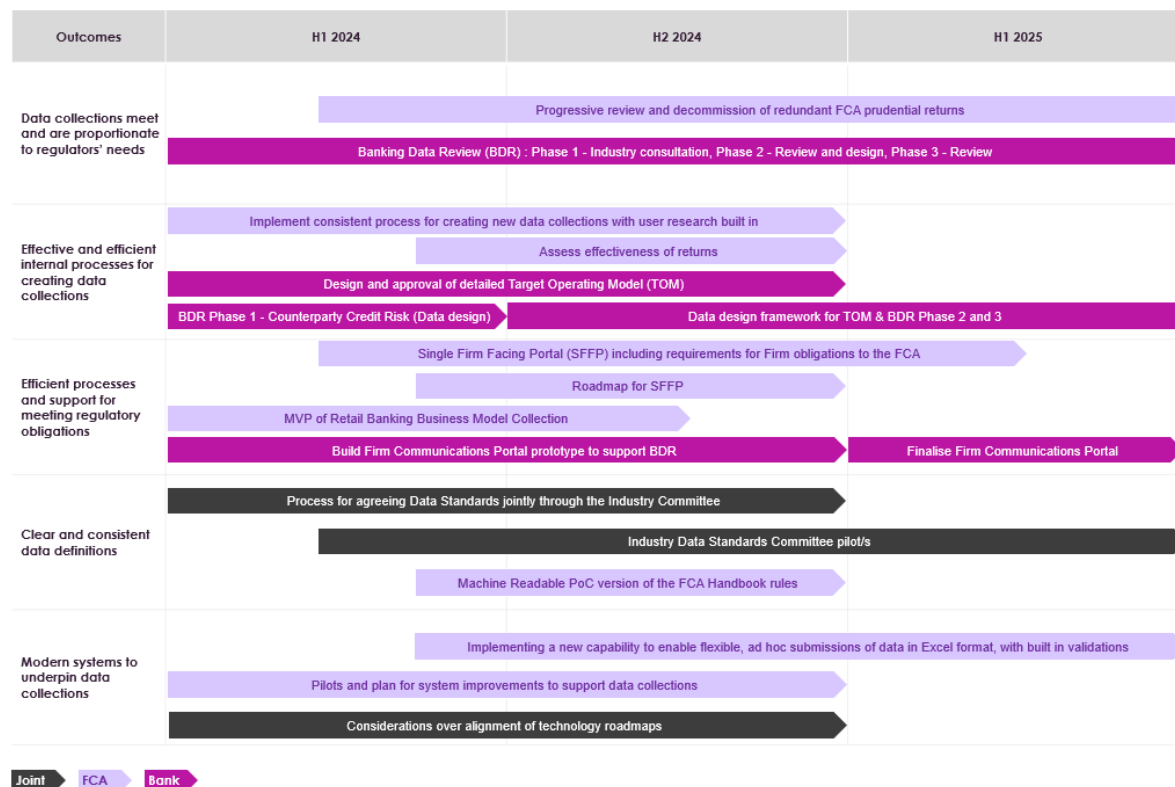
### Workstreams to deliver on the five outcomes

The Bank and FCA are undertaking a range of specific workstreams to achieve these outcomes. The workstreams have been motivated by the recommendations from industry on how to improve data reporting identified through the JTP (Figure 1).

The new capabilities and insights will, in general, be applied to new data collections and during the introduction of new collection processes, or future reviews of existing collections. This will allow us to deploy the new capabilities built through TDC iteratively over time.

An overview of the workstreams being undertaken to achieve the outcomes and the industry recommendations they relate to is set out below. More detailed information on each of the recommendations can be found in the annexes (pages 6-9). Click on the recommendation IDs (for example, [BoE1](#)) to navigate to the annex.

**Figure 1: Transforming Data Collection work over the next 18 months<sup>1</sup>**



**Chart displaying Transforming Data Collection work over the next 18 months - larger font – accessible version**

**Outcome 1: Data collections meet and are proportionate to regulators’ needs**

The first outcome will ensure that regulators receive the data they need, while reducing the burden of collection by removing those that are not proportionate to regulators’ needs. Ongoing work to review what data is collected will now be brought into scope of the JTP, integrating it with work on how that data is collected.

The Prudential Regulation Authority (PRA) is undertaking a holistic review of the data needed to regulate the banking sector through its Banking Data Review (BDR). This review will ensure the PRA has good quality data to carry out its supervisory and new policymaking responsibilities, and will reduce burden on firms, by better integrating data collections and cutting back on unused reporting.

The next 18 months provide an opportunity to design and apply a new approach for reviewing and changing data collections covered by BDR, in the context of broader collections from banks. This will allow us to deploy the new capabilities built through TDC as collections change or are introduced, improving consistency across collections

<sup>1</sup> The new capabilities and insights will in general be applied to and during the introduction of new collection processes, or future reviews of existing collections.

iteratively over time. We expect that these capabilities will also be applicable to other collections outside the immediate focus of BDR, such as operational risk or insurance data, and will report on how they can be deployed there in due course.

The FCA will pilot a framework for decommissioning regulatory data collections that are no longer required in response to recommendation [SRPDC1](#). This will be followed by a progressive review and retirement of redundant FCA returns, contributing to improving existing data collections.

## **Outcome 2: Effective and efficient internal processes for creating data collections**

Regulators will design a simpler, structured, and flexible approach to introducing new data collections. Achieving this will reduce the costs and complexity of designing new collections, and for firms and regulators to implement into their systems.

Over the next 18 months, the FCA will improve its capability and operating model for new data collection requests. There will be a single internal route for requesting new collections and a consistent process that has been designed using feedback from firms. Improved template design and guidance will support firms to submit quality submissions.

To assess the effectiveness of new returns and guide future improvements, the FCA will also pilot web analytics and feedback forms ([XFCA2](#)). As the PRA reviews returns through the BDR, it is considering new approaches to reviewing prudential returns that can be used more widely. The PRA is piloting approaches to gather a holistic view of needs across the Bank and identify where data is already collected. This work is being done through the lens of new returns to understand exposures of firms to single counterparties.

## **Outcome 3: Efficient processes and support for meeting regulatory obligations**

Better supporting firms as they prepare and submit their data is an important priority for regulators. The quality of data will improve if firms understand reporting requirements and expectations, have support functions and can verify the validity or quality of data.

There are several recommendations related to improvements in support for firms during reporting. A number of workstreams will improve this support.

The Bank is developing a new process to enable firms to ask questions securely and get a response where published material is not sufficiently clear. A Firm Communications Portal will be developed ([BoE3](#)). The aim is for it to be deployed when the first set of new regulatory templates being considered as part of the BDR are introduced in mid-2025, with careful considerations on its nature, scope, and limitations.

To help firms meet their reporting obligations, the FCA will launch an initial version of a Single Firm Facing Portal for firms ([XFCA1](#)). This will provide firms with a single access point for regulatory data and attestation submissions (across our RegData and CONNECT systems).

This first release will include single sign-on capability (with multi-factor authentication), leading to a landing page with a personalised list of regulatory activities required, details of upcoming tasks and overdue items, messages and announcements, and links to firm records on the Register, Regulation Round Up and the Handbook. A roadmap for further capabilities is also being developed.

The industry recommendation to develop a regulatory training academy ([BoE4](#)) will be considered further before initiating a specific project.

The FCA has revised the Retail Banking Business Model Review (RBBMR) collection template to make the design more user-centred ([RBBM1](#), [RBBM2](#) and [SRPDC2](#)). Definitions have been made clearer and validation at cell and spreadsheet level added, which will help firms enter the correct data.

#### **Outcome 4: Clear and consistent data definitions**

Harmonising data definitions across the suite of regulatory returns will support the design of new data collections, make it easier for firms to submit the right data and reduce cost and the complexity of reporting.

To support the streamlining of standards, the recommendation following [the Data Standards Review](#) by Ernst & Young to establish an Industry Data Standards Committee (IDSC) is being implemented. The IDSC will be an industry body that will provide the industry's views and preferences to regulators on data standards for use when reporting to UK financial regulators. The Bank and FCA will assess the recommendations made by the IDSC and take forward any that are in line with their statutory objectives.

The FCA is also exploring new technologies to support an automated version of the legal obligations in the FCA Handbook for firms. The long-term aim of this is to make it easier for firms to interpret requirements, and potentially provide reporting instructions in code.

#### **Outcome 5: Modern systems to underpin data collections**

Improvements to collection systems will be a key enabler of outcomes 1- 4 alongside changes to the operating model. They will make it easier for firms to submit data, reduce the cost and improve the timeliness of the reporting process and improve data quality. Within the next year, the Bank and FCA will review their technology roadmaps underpinning improvements to data collections and jointly consider areas for alignment to further the role of joint collection systems.

The industry committees recommended improved functionality to validate whether data is correct ahead of submission ([BoE1](#) and [XFCA2](#)). Both regulators recognise that data will become timelier and of higher quality if firms can pre-emptively assess data validity. The Bank and FCA have workstreams that will investigate how validation checks could be enhanced through system improvements, making it easier for firms to meet their regulatory obligations.

Data in formats such as Excel or PDF files cannot currently be collected by FCA systems ([RBBM1](#), [RBBM2](#)). Over the next 18 months, the FCA will be implementing a new capability where flexible, ad hoc submissions of structured and semi-structured data with built in validations can be collected. An investment case and roadmap for potential further versions is being developed to cover other formats, depending on requirements.

Industry also recommended the provision of tools that enable firms to conduct broader quality assurance on their data pre-submission ([BoE2](#)). This will be considered further before initiating a specific project that enables firms to conduct their own plausibility assessment.

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## Industry engagement

Industry engagement will remain an integral part of transforming the data collection process. Governance structures through which industry engage with the programme will be streamlined. From 2 April 2024, the JTP will be informed by discussions with a TDC Advisory Board. Working groups with industry will be established where necessary to support the workstreams relevant to the JTP's five outcomes, alongside the work of the IDSC. The nomination process to join both these bodies opens on 28 March 2024.

The **TDC Advisory Board** will be the forum where the Bank and FCA update industry on the strategic direction of TDC and receive feedback on it. The Board will input to new projects as they start and inform the Bank and FCA on priorities for improving regulatory reporting. The Advisory Board will establish **Industry Working Groups** to leverage industry's expertise and experience to support all the workstreams in delivering their intended benefits.

The **IDSC**, as mentioned above, will consider what data standards could be beneficial for reporting. This will be an industry body that makes recommendations on behalf of industry. The decision of if, how and when to implement those recommendations lies with the regulators.

We would like to take this opportunity to reiterate thanks from both the Bank and FCA for industry's engagement to date with TDC. We would also like to give special recognition to Lee Fulmer, Andrew Douglas, and Andrew Turvey, who have chaired the Board and committees over the last three years, for their contribution and commitment to the programme.

**Annex 1: Bank response to industry recommendations**

Issue	Recommendation	Regulator response	Outcomes(s) related to
Firms cannot self-validate that the data they submit is correct.	<b>BoE1</b> Create a validation checker to ensure internal consistency in submitted data.	Agree to investigate as part of work to improve data collections. We will identify a suitable data collection in BDR phase 1 to trial a new validation system solution and understand a path and timeline to implementation. We will commit to this solution if a cost-benefit analysis establishes a business case for doing so.	<b>2, 3 and 5</b>
Firms cannot attach commentary or assess plausibility of data themselves.	<b>BoE2</b> Allow comments alongside each data point in the submission system and provide a plausibility checker for firms to use.	Agree that allowing a facility to input commentary at point of submission would be beneficial.  However, assessing plausibility of data pre-submission is not possible as it is contingent on economic factors and broader market moves. We will consider how to give greater transparency to the plausibility process as part of our work on improving data collection systems.	<b>3 and 5</b>
Firms have difficulty in understanding reporting rules.	<b>BoE3</b> Build a Q&A function for firms to discuss issues with the Bank.	Agree to implement with careful considerations on its nature, scope and limitations. We will develop a first version of a 'Firm Communications Portal' for use from mid-2025 with BDR phase 1 on a trial basis. It will be built in the context of reviewing website material and approaches to responding to questions is to be considered.	<b>3 and 5</b>
Firms have difficulty in	<b>BoE4</b>	Agree that there are complexities in reporting instructions. The benefits of a	<b>3</b>

understanding reporting rules.	Build a 'Regulatory Academy' training library for interested parties (including regulators) to undertake training on various regulatory topics.	training library, relative to other improvements in reporting guidance, however, are unclear.  The Bank will take an incremental approach, improving the published material to support reporting and introducing the Firm Communications Portal function first. We will reassess once those improvements are made.	
Reporting instruction definitions lack clarity, e.g. on data item definitions.	<b>BoE5</b>  Publish a class domain model for the Commercial Real Estate (CRE) data use case to create a common set of definitions for data attributes and clarify relationships between these.	Agree to investigate. A clear reporting framework with common definitions would be highly beneficial and is being considered through data design work as part of the BDR.	<b>1, 2, 3 and 4</b>

## Annex 2: FCA response to industry recommendations

Issue	Recommendation	Regulator response	Outcomes(s) related to
Large amounts of data requests create extra burden for firms.	<b>SRPDC1</b>  The FCA should move towards a more user-centric approach to prudential data collection.	The FCA is piloting a framework for decommissioning regulatory data collections that are no longer required. This will be followed by progressive review and retirement of redundant FCA prudential returns.	<b>1, 2, 3 and 5</b>
Reporting guidance is not	<b>SRPDC2</b>	Definitions will be made clearer and validation at cell	<b>1, 2, 3 and 5</b>



easy to access and leaves too much room for interpretation.	Deliver and embed specific, clear, well-understood and consistent prudential definitions and guidance.	and spreadsheet level added, which will help firms enter the correct data.	
Firms find some ad hoc collections time-consuming and disruptive.	<b>RBBM1</b> Deliver a user-centred collection for Retail Banking Business Model data.	The FCA has revised the Retail Banking Business Model Review collection template to make the design more user centred including internal validations.	<b>1, 2, 3 and 5</b>
Firms find some ad hoc collections time-consuming and disruptive.	<b>RBBM2</b> Deliver and embed specific, clear, well-understood and consistent retail banking definitions and guidance to accompany and support the delivery of the 2024 collection (RBBM1).  The FCA should investigate how this approach can be used across ad hoc complex collections to scale the benefits of this.	The revised FCA Retail Banking Business Model Review collection template includes definitions for each business line supported by completion guidance and instructions.  This is an interim solution before implementing system improvements to support flexible collection of data in a variety of formats.  The FCA is implementing a new capability to enable flexible, ad hoc submissions of structured (e.g., CSV format) and semi-structured data (in Excel format) with built in validations.	<b>1, 2, 3 and 4</b>
Costs and challenges understanding the complex firm journey across FCA systems.	<b>XFCA1</b> Carry out a discovery for a feature to address firm needs relating to identification of upcoming requirements	The FCA will launch an initial version of a unified interface for firms to interact with the FCA with single access point for regulatory data and attestations (across Regdata and CONNECT systems).	<b>3 and 5</b>



	across the various external systems.		
Lack of measurement in existing data systems and processes.	<b>XFCA2</b> Implement an appropriate data collection measurement function as part of the data collection service to ensure the service can be effectively measured and managed.	The FCA will be piloting web analytics and feedback forms to assess effectiveness of new returns and guide future improvements.	<b>3 and 5</b>