**Global Data Standards Strategy**

**for**

**Financial Services**

**White Paper**

**Preliminary Outline**

**Executive Summary**

* Problem
  + The absence of data standards have bedeviled the industry for a long time, coming to a head in the 2008 crisis
* Vision
  + Standards defined and implemented
  + Tagging at source
  + Operational and systemic risks reduced
  + Transparency increased
* The Business Case
  + Business drivers
  + Regulatory drivers
  + Costs and risks
* Call To Action
  + The program ahead
  + Steps

**Introduction**

* Purpose
  + Make a case for a global data standards strategy for the financial services industry
* Scope
  + Financial services industry broadly, prompted in the first instance by regulatory requirements for capital markets, transactions and portfolios
* Audience
  + Senior Industry and regulator leadership
* Authorship
  + EDMC, OMG, Federal Reserve Board, academic and industry experts
* Organization of the paper

**Background**

* Legislation and regulation
  + Poor intelligence in 2008 drove legislative and regulatory commitment
  + FSOC and OFR in the U..S. to set standards for regulatory reporting and industry reference data (CFTC and the SEC -- OTC derivatives)
  + European Systemic Risk Board (ESRB) and the Statistics Directorate at the European Central Bank (ECB)
* Industry efforts to date
  + SWIFT, IT standards, depositories and clearing houses
  + Private vendors and individual institutions
  + Limits to previous work
    - only securities, mortgages and messaging
    - nothing broad or fundamental
    - a gap on legal entities
  + Current state of technical work
* Comparable past efforts
  + Straight through processing in food, drugs and logistics
  + T+3 clearance and settlement
  + Other?

**Problem**

* Systemic issues
  + Timely, detailed, consistent, reliable data for crisis management
* Issues in normal times
  + Piecemeal IT systems
  + Costs of data normalization and reconciliation and new systems development
  + Data processing errors and breakdowns
  + Challenge of data integration for management and regulators
* Root cause
  + lack of standard syntax, grammar and semantics
  + data not tagged at source

**Vision**

* + Standards defined and implemented
  + Tagging at source
  + Operational and systemic risks reduced
  + Transparency increased

**Program Ahead**

* Deliverables
  + Map of existing regulations, data requirements and industry standards and associated gaps
  + Standards and Open Source tools/solutions
  + Converted systems `
    - Firms, vendors, regulators, utilities
  + A reference data utility
  + Extending standards
    - Globally
    - Mortgages, etc.
* Milestones
  + LEI
  + Creating a utility
  + Sector, segment, activity or geography rollout?
  + Timeline?
* Governance and Management
  + Governance
  + Project Management
    - Ecosystem of regulators, financial services organizations, standards bodies and academics

Matrix of financial reform regulations, data requirements and industry standards

**Use Cases**

* Trade surveillance and AML
* Process efficiency
* Trade accountability
* Integrating financial, legal and operations perspectives
* TBD

**Business Case**

* Business and regulatory drivers
  + Stronger data governance and control
  + Improved process efficiency
  + Improved financial and risk analysis
  + Quality data for institutional management
  + Quality data for systemic risk management
  + Elimination of errors, reconciliation, correction costs
  + Reduced regulatory and reporting costs
  + Other?
* Costs
  + ?
* Risks
  + Lack of international coordination
  + Existing interests capture the process
  + Momentum is lost
  + Technologists make business decisions
  + Future innovation is stifled
  + Other?

**Conclusion**

* TBD