

# UK regulators signal plans for transformation of approach to data

## AT A GLANCE

January 2020

### What's new?

- The Bank of England (BoE) published a [Discussion Paper](#) (DP) '*Transforming data collection from the UK financial sector*' on 7 January 2020. The DP is the first stage of a process through which the BoE wishes to transform the way it collects data from firms (both regulatory reporting and statistical returns).
- The DP does not indicate a preferred approach from the BoE but sets out a number of options to change the way the BoE collects data from firms. A number of these changes would represent a significant departure from current practice.
- The FCA also updated its [data strategy](#) on 7 January 2020, setting out its objectives to improve the efficiency and effectiveness of its use of the data to detect misconduct and financial crime through an increased focus on building skills and capabilities in data analytics and other techniques.

### What does this mean?

- In its response the *Future of Finance report* (published June 2019) the BoE committed to a process of consultation with the firms it supervises (banks, insurers and FMs) to transform its approach to data collection by improving the efficiency and effectiveness of how it collects data.
- The DP focuses on a range of options to improve the timeliness, flexibility, quality and interpretation of regulatory data and reduce the burden from data collection on firms. The DP does not set out a preferred approach but sets out a range of options for industry to engage with. These include:
  - **Modernising reporting instructions** through annotated instructions, standardised language, early industry engagement in the design of reporting or having instructions as code.
  - **Exploring ways to make reporting inputs more common** through more defined data points or industry-wide data standards.
- The **FCA's updated data strategy** also focuses on how it can better leverage techniques such as data analytics to detect and prevent harm, misconduct and financial crime across firms, business models and sectors to enable early intervention. The FCA will also seek to automate supervisory processes where possible.
- The FCA also reconfirms its commitment to making parts of its handbook machine-readable and executable.

### Contacts

**Nigel Willis**  
Partner

T: +44 (0) 7843 370 460  
E: [nigel.willis@pwc.com](mailto:nigel.willis@pwc.com)

**Leigh Bates**  
Partner

T: +44 (0) 7711 562 381  
E: [leigh.bates@pwc.com](mailto:leigh.bates@pwc.com)

**Peter El Khoury**  
Director

T: +44 (0) 787 200 5506  
E: [peter.elkhoury@pwc.com](mailto:peter.elkhoury@pwc.com)

**Conor MacManus**  
Director

T: +44 (0) 771 897 9428  
E: [conor.macmanus@pwc.com](mailto:conor.macmanus@pwc.com)



## What do firms need to do?

- Both the BoE's DP and FCA data strategy show the importance the UK regulators attach to the use of technology in improving data collection and analysis. Delivering the objectives the regulators have set will require considerable investment by them, but also the sector.
- The DP marks the start of a fundamental re-evaluation by the BoE on its approach to collecting data from firms. It includes a range of options on how these processes can be improved.
- It is important that firms engage with the process to ensure the approach taken by the BoE is fully informed by industry. While the process of changing the BoE's approach to data collection is at an early stage it is clear that the regulators in the UK are exploring how RegTech and SupTech can be better deployed to reduce the burden of regulatory compliance in this area- input from industry will be important in ensuring policy development supports this objective.
- The DP also comes at a time when regulatory reporting is a subject of increasing regulatory focus, with the publication of a [Dear CEO letter](#) on the topic in October 2019.
- Firms should aim to improve their internal processes to interpret, process and report regulatory data. Replacing their legacy manual processes with automated technologies to minimise the need for human judgement and manual intervention will be an important part of achieving this.
- Moving to a system in which the regulators have direct access to firms data would be a radical departure from current practice. Ensuring ongoing data accuracy under such a system would be a key challenge for firms.
- The BoE is however clear that even under this 'pull' model some data returns would need to be prepared and signed off by firms (e.g. financial accounting or capital data).

### Next steps

- The BoE expects this to be an inclusive exercise including the full range of firms and collections, not just the largest firms. Firms should respond with their comments or suggestions on the DP by 7 April 2020.
- The BoE also intends to carry out a range of direct stakeholder engagement through the first half of 2020, including bilateral meetings, roundtable events and industry working groups. Firms that wish to be involved in this process should indicate as soon as possible, but no later than 6 March 2020.



[www.pwc.co.uk/fsrr](http://www.pwc.co.uk/fsrr)

This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors.

© 2020 PricewaterhouseCoopers LLP. All rights reserved. PwC refers to the UK member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details.