

For immediate release

December 2, 2015

Contact: Jessica Yabsley at Jessica.yabsley@datacoalition.org or 202-415-4025

Press Release

Replacing Financial Reports with Data Could Save Billions

Capitol Hill Panelists Endorse Financial Transparency Act (H.R. 2477)

Washington, D.C. - Financial expert Allan Mendelowitz today estimated that if U.S. financial regulatory agencies adopted consistent data formats for the information they collect, instead of using today's document-based reports, a typical large investment firm could save "20 to 30 percent of operating expenses, or \$200 to \$300 million annually," with similar savings across the whole financial industry.

Mendelowitz, former chairman of the Federal Housing Finance Board, joined a panel organized by the [Congressional Transparency Caucus](#), which is co-chaired by Reps. Darrell Issa (R-CA) and Mike Quigley (D-IL). Last May, Issa introduced, and Quigley cosponsored, the proposed Financial Transparency Act (H.R. 2477), which would require all eight major financial agencies to transform their existing reporting requirements into structured data.

The bipartisan bill now boasts 28 cosponsors in the House of Representatives. Today's panel featured Mendelowitz, Center for Data Innovation director Daniel Castro, and Sunlight Foundation senior policy analyst Matt Rumsey. All three praised the Financial Transparency Act.

Transforming financial regulatory reports from documents into data is "a win-win for both the [financial] industry and the regulatory community," said Mendelowitz. "Most regulatory reporting today is a dead-weight loss. I have yet to find a firm that uses the material provided to the regulator to manage the firm." But if regulators collected structured data instead of documents, management could "be looking at the same analytics as the regulators," reducing compliance costs.

Meanwhile, regulators would benefit from the ability to deploy analytics. Switching from documents to data "is going to help identify [future] Enrons and ... Bernie Madoffs ... better open data that can be analyzed quickly by regulators and by [the public can] catch those problems before they become huge scandals," said Rumsey.

Castro pointed to the Financial Transparency Act's emphasis on adopting a consistent identification code for the firms and companies that report to regulators, drawing a parallel to the healthcare industry. "If you don't have unique patient identifiers, you cannot treat people well," said Castro. "This is the exact same problem we have in the financial sector." But the Financial Transparency Act requires all U.S. financial

agencies to move toward the Legal Entity Identifier (LEI), a nonproprietary identification code already endorsed by the G20 group of nations but being resisted by some U.S. agencies.

Mendelowitz said the financial industry would benefit from the universal adoption of the LEI: "If everybody used the LEI, there would be no ambiguity" about counterparties to transactions, and firms could "speed up clearing and settlement."

In opening remarks, Issa cited a third benefit, beyond reduced compliance costs for industry and analytics for regulators: transparency for investors. "We need to get to precision that only comes with all [financial] information being available equally to the large and the small," Issa said.

"Today's Congressional Transparency Caucus panel showed that the financial industry, the technology industry, and the cause of open government can all benefit from the move from documents to data," said Hudson Hollister, Executive Director of the Data Transparency Coalition. "Unfortunately, U.S. financial regulatory agencies are too often using plain-text documents and forms for the information they collect under the securities, commodities, and banking laws. Even where they use data, they have failed to coordinate data fields across different reporting requirements."

"We are calling on the House of Representatives to act quickly on the Financial Transparency Act to speed these agencies toward adopting the consistent data standards that are needed to modernize financial regulation," Hollister concluded.

For more information on the Financial Transparency Act (H.R. 2477), click [here](#).

###

About the Data Transparency Coalition

The Data Transparency Coalition is the only trade association pursuing the publication of government information as standardized, machine-readable data. Through advocacy, education, and collaboration, the Coalition supports policy reforms that require consistent data standardization and publication. Data transparency enhances accountability, improves government management, reduces compliance costs, and stimulates innovation. Representing a cross-section of the technology industry, the Data Transparency Coalition membership includes market leaders such as Teradata Corporation, Workiva, RR Donnelley, PwC, Booz Allen Hamilton, and CGI Federal and growing start-ups such as FindTheBest, Enigma.io, and Level One Technologies. For more information, visit [here](#).