

A report to congressional committees

For more information, contact Yvonne Jones at [jonesy@gao.gov](mailto:jonesy@gao.gov).

## What GAO Found

The Financial Data Transparency Act (FDTA) was enacted in December 2022 with the intent of eventually reducing the private sector's regulatory compliance burden while enhancing transparency and accountability. The FDTA requires agencies that regulate the financial sector to create a set of joint data standards to ultimately help harmonize future reporting by promoting data sharing among financial regulators. Implementation of the FDTA requirements is in the early stages of the rulemaking process, with regulatory agencies working to finalize an August 2024 proposed rule. Subsequently, most regulatory agencies are required to issue their own regulations to implement the joint data standards.

The agency officials and stakeholders GAO spoke with identified potential benefits, costs, and challenges of implementing the FDTA.

### Potential benefits of implementation

- Standardized data reporting, as well as the interoperability of data collected by different agencies, could improve the quality and efficiency of data analysis by regulators.
- More efficient data analysis could in turn improve oversight and more timely identification of compliance concerns.
- Common standards for reporting within the framework set forth by the FDTA could reduce reporting entities' burden by making filing financial reports across multiple regulatory agencies more efficient.

### Potential challenges and costs of implementation

- Regulatory agencies may need to modernize legacy data systems, coordinate across agencies, and manage data governance costs.
- Reporting entities could incur costs for adapting processes and systems to comply with the FDTA's updated reporting requirements, as well as conducting system testing.

While the FDTA sets forth provisions for the sharing of certain key data elements in the context of financial regulation, there is interest in a broader, government-wide data standard, similar to Standard Business Reporting (SBR) that would reduce the burden on reporting entities while streamlining the reporting process across all government agencies. SBR refers to the government-wide adoption of a common taxonomy, or shared dictionary of data fields, in a way that enables data processing to be automated and data to be gathered from reporting entities and transferred to regulators. While the United States does not currently have SBR, other federal efforts have addressed the streamlining of government data reporting to better ensure its usefulness and improve its quality. Practitioners in the fields of data management, data governance, and regulations told GAO the FDTA could put the United States on a path towards a government-wide reporting system, similar to SBR. GAO's past work on prior government-wide efforts to establish data standards provide effective practices on interagency collaboration and data governance that can guide regulators at such time as they should seek to build toward a government-wide regulatory standardization mechanism like SBR.

## Why GAO Did This Study

Federal agencies regulate, supervise, and oversee banks, savings associations, credit unions, and financial markets that manage trillions of dollars in deposits and loans. Regulations often require entities to report information to the government to assess compliance and help ensure the soundness of financial markets. GAO has previously reported, however, that these reporting requirements also create burdens on reporting entities, especially if they are reporting the same or similar information to multiple agencies.

Congress included a provision in statute for GAO to review the feasibility, costs, and potential benefits of building upon the taxonomy established by the FDTA to arrive at a government-wide regulatory compliance standardization mechanism similar to SBR. This report (1) describes stakeholders' views on potential benefits, costs, and challenges of the FDTA; and (2) describes effective practices to facilitate future government-wide data standardization efforts and stakeholders' views on such potential efforts.

GAO reviewed documentation and corresponded with officials from nine regulatory agencies involved in implementing the FDTA. GAO met with four practitioner groups knowledgeable about data standards and the FDTA, including private entities that develop software solutions or other products to support data standardization, to understand the technology and their experiences with compliance reporting. GAO also interviewed four groups representing reporting entities, as well as two academic researchers knowledgeable about financial regulatory reform efforts. GAO also reviewed its prior work to identify effective practices in interagency collaboration and data governance structures.