Regulatory Analytics and the Regulatory Information Value Chain

October 2, 2019

Host

Hudson Hollister, Founder and Principal

HData

Before we get started...

Questions

Please use the questions tab to enter questions throughout the webinar

Questions will be answered during the Q&A session at the end

Slides

A pdf of the slides will be posted on the webinar website next week

or email paul.derstine@elderresearch.com to request a copy

Problem during the webinar?

Simply refresh your browser screen

Today's Discussion

Defining Regulation

The Regulatory Information Value Chain

Analytics within the Value Chain

Application 1: Prioritizing Investigations

Application 2: Nudging Toward Compliance

Application 3: Understanding Markets
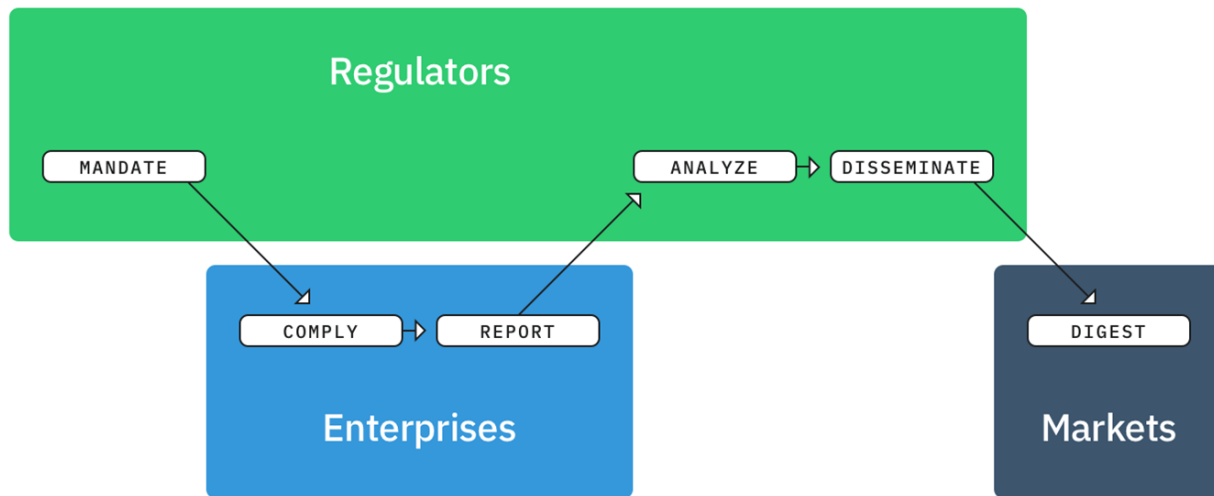
Impediments to Regulatory Analytics

Impact of OPEN Government Data Act

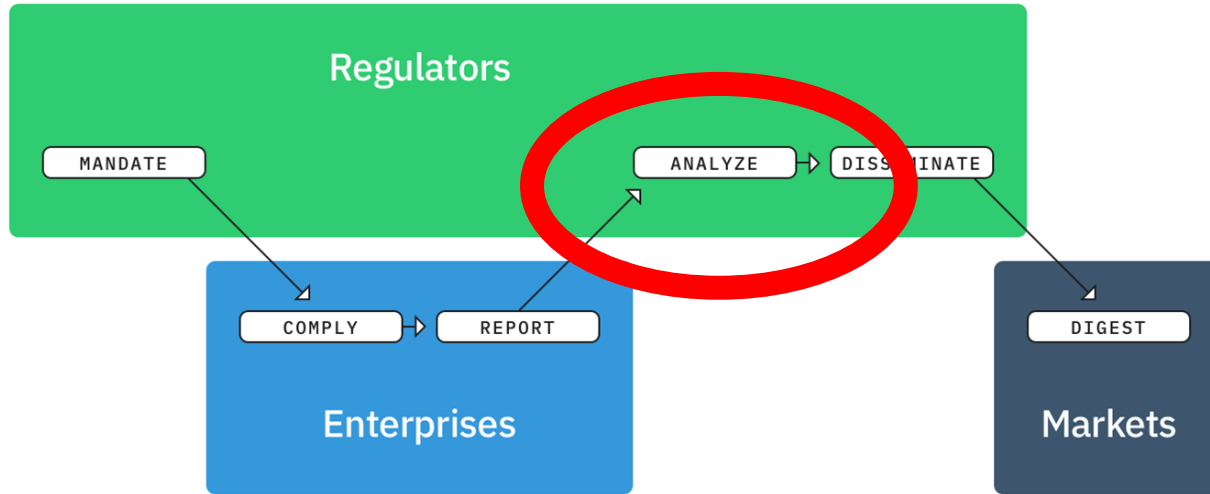Impact of the Financial Transparency Act

The Future of Regulatory Analytics

Getting Involved in Regulatory Analytics

The Regulatory Information Value Chain

Analytics in the Value Chain

Analytics in the Value Chain

Descriptive

- "What has happened?"

Predictive

- "What could happen?"

Prescriptive

- "What should we do?"

Application 1: Prioritizing Investigations

Prioritizing Investigations

- *Descriptive analytics* quantify the risk that a violation of laws or rules has occurred
- *Predictive analytics* quantify the risk of a future violation of laws or rules
- Result: Enforcement and compliance offices can direct limited investigative resources to focus on the regulated entities most likely to have violated laws or rules, or most likely to violate laws or rules in the future
- *Example*: Department of Housing and Urban Development

Application 2: Nudging Toward Compliance

Nudging Toward Compliance

- *Descriptive analytics* define the characteristics of a highly-effective or fully-compliant regulated entity
- *Prescriptive analytics* recommend actions a given entity can undertake to move toward the defined highly-effective or highly-compliant model
- Result: Regulator and regulated entity work together to improve performance and reduce risk
- *Example*: Securities and Exchange Commission

Use Case 3: Understanding Markets

Understanding Markets

- *Descriptive analytics* identify and quantify interconnectedness between market actors and discern impact on their actions
- Result: Regulator understands the impact of contemplated rule changes on a complex market
- *Example*: Securities and Exchange Commission

Impediments to Regulatory Analytics

Data accessibility

- "Another agency keeps that data set."

Data structure (or lack thereof)

- "This form is submitted in PDF."

Data interoperability (or lack thereof)

- "My agency uses the Central Index Key; yours uses the DUNS Number."

Organizational culture

- "We have a manual review process."

Resources

Impact of OPEN Government Data Act (2018)

- Agencies must make *all* data assets available in an open format. 44 U.S.C. § 3506(b)(6)(A).
- Agencies must make all *public* data assets (1) available in an open format, (2) machine-readable, (3) unencumbered by restrictions, and (4) based on an open standard. 44 U.S.C. § 3506(b)(6)(B).
- Agencies must develop and maintain an open data plan. 44 U.S.C. § 3506(b)(2)(B).
- Agencies must develop and maintain a comprehensive data inventory listing *all* data assets, 44 U.S.C. § 3511(a), and submit all *public* data assets to government-wide catalogue, 44 U.S.C. § 3511(b).
- Agencies must designate a Chief Data Officer. 44 U.S.C. § 3520.

Impact of Financial Transparency Act (pending)

- All eight major financial regulators must adopt *data standards* for all of the information they collect under existing securities, commodities, and banking laws.

- For information reported by multiple regulators, such as entity identification, the Treasury Department must set *government-wide data standards*, and the financial regulators must follow them.

- Wherever existing laws require regulatory information to be published, financial regulators must make that *data accessible* as open data, using the definitions of the OPEN Government Data Act.
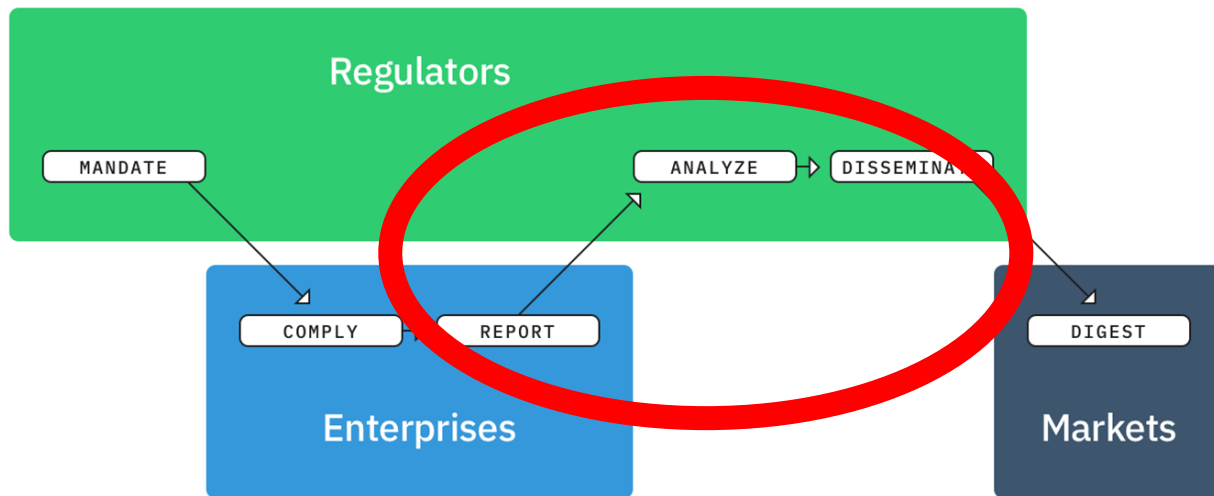
Impact of Financial Transparency Act (pending)
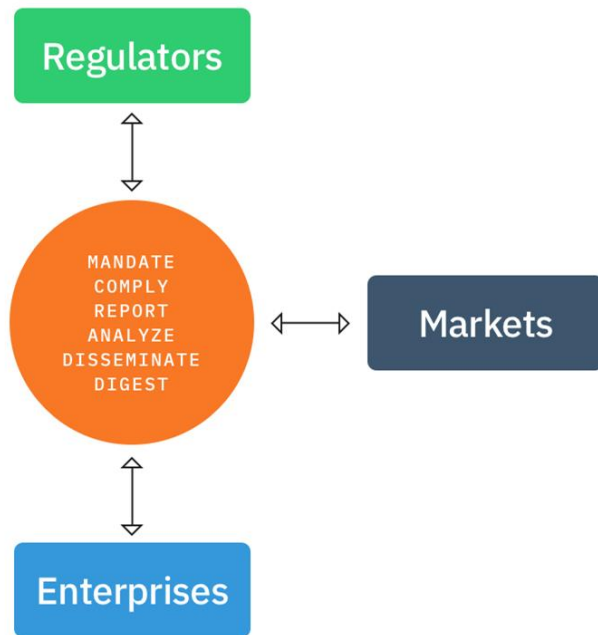
The Future of Regulatory Analytics

- Improved accessibility, structure, and interoperability will reduce the time and cost required for robust regulatory analytics.
  - *Example:* Federal Energy Regulatory Commission

- Organizational culture changes will broaden the internal audience for regulatory analytics.
  - *Example*: Postal Service

- Regulatory analytics will increasingly be integrated with the adjacent activities in the regulatory information value chain.

The Future of Regulatory Analytics

The Future of Regulatory Analytics

Getting Involved in Regulatory Analytics

- GovDATAx, October 30, Washington, DC

- Follow the Financial Transparency Act

- Published use cases

Questions?

- Enter your questions on the Questions tab in the Livestorm interface