Structured data investor survey

FRC Lab, Financial Reporting Council

IFRS Taxonomy
Consultative Group

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Objectives and Methodology

Objectives

- Understand how XBRL data is being used by investors in practice, and how this compares to their use of other sources of structured data

- Identify the barriers to wider usage and opportunities for improving access and efficiency
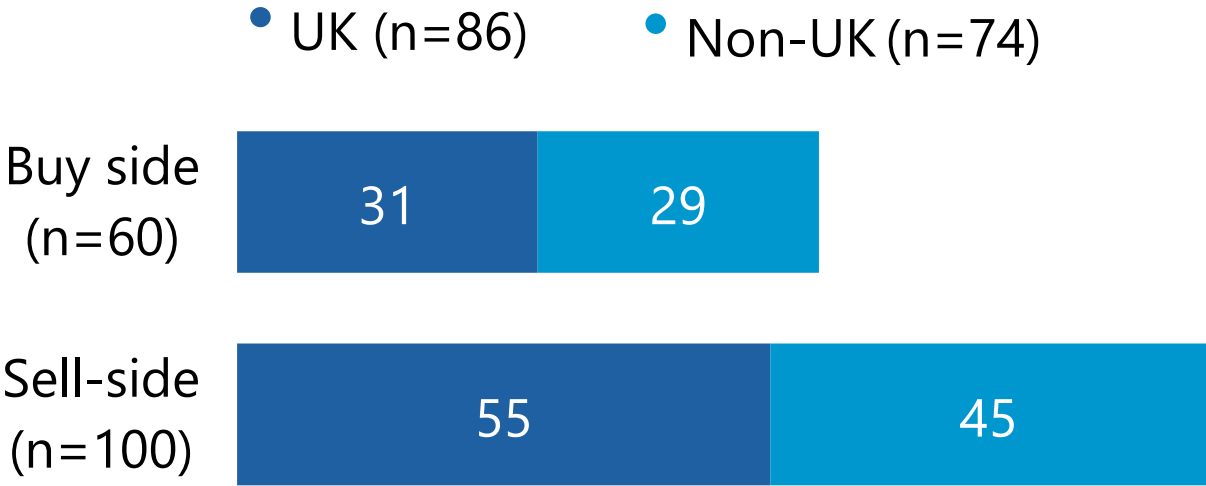
Methodology

- Commissioned a specialist research provider, CoreData Research, to conduct a survey with their proprietary panel of investors

- Survey ran from 30 August – 29 September 2023

- 7 demographics questions and 23 main questions

Background

Sample

160 investment professionals

UK (n=86)   Non-UK (n=74)

	UK	Non-UK
Buy side (n=60)	31	29
Sell-side (n=100)	55	45

Screening criteria

Respondents were only allowed to complete the survey if they:

- used company-level financial or ESG data at least quarterly;

- had a buy-side or sell-side role;

- were involved in investing in UK companies in an investing or asset allocation role; and

- had more than 2 years of experience in the financial sector.

Survey findings
Survey structure

1 | Investor data sources

- Desired characteristics of data sources
- Use of different data sources

2 | XBRL data

- If using XBRL data, how?
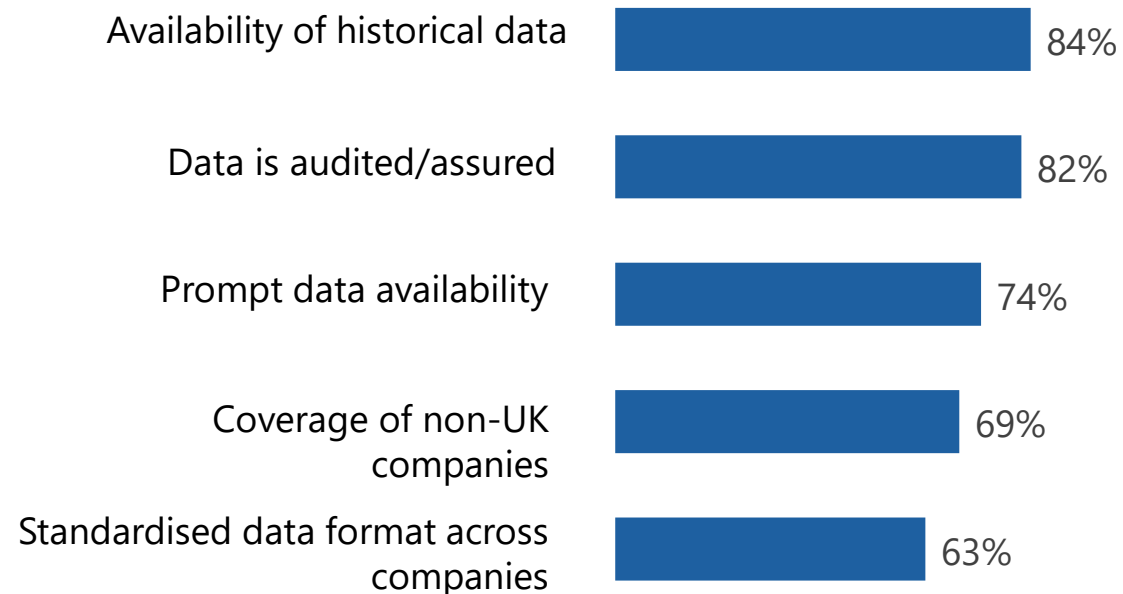- If *not* using XBRL data, why not?

3 | Future opportunities

- What could be improved to increase data usage?
- What areas of reporting would be useful to get tagged?
- Impact of AI developments

1. Investor data sources

In choosing data sources, what are the most important features you consider?

Financial data sources (top 5 features)

Feature	%
Availability of historical data	84%
Data is audited/assured	82%
Prompt data availability	74%
Coverage of non-UK companies	69%
Standardised data format across companies	63%

ESG data sources (top 5 features)

Feature	%
Data is audited/assured	67%
Availability of historical data	66%
Traceable to original disclosures	64%
Standardised data format across companies	62%
Coverage of non-UK companies	61%
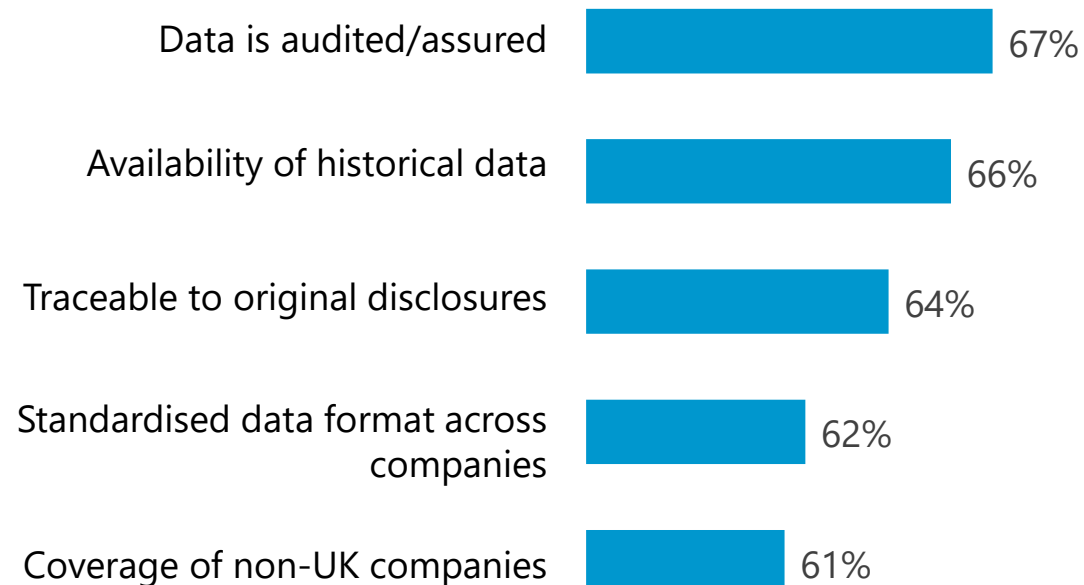
% Important (Extremely important + Very important)

1. Investor data sources
From which sources do you get company-level financial data?

Commercial data aggregator services — 81%

PDFs from company websites — 78%

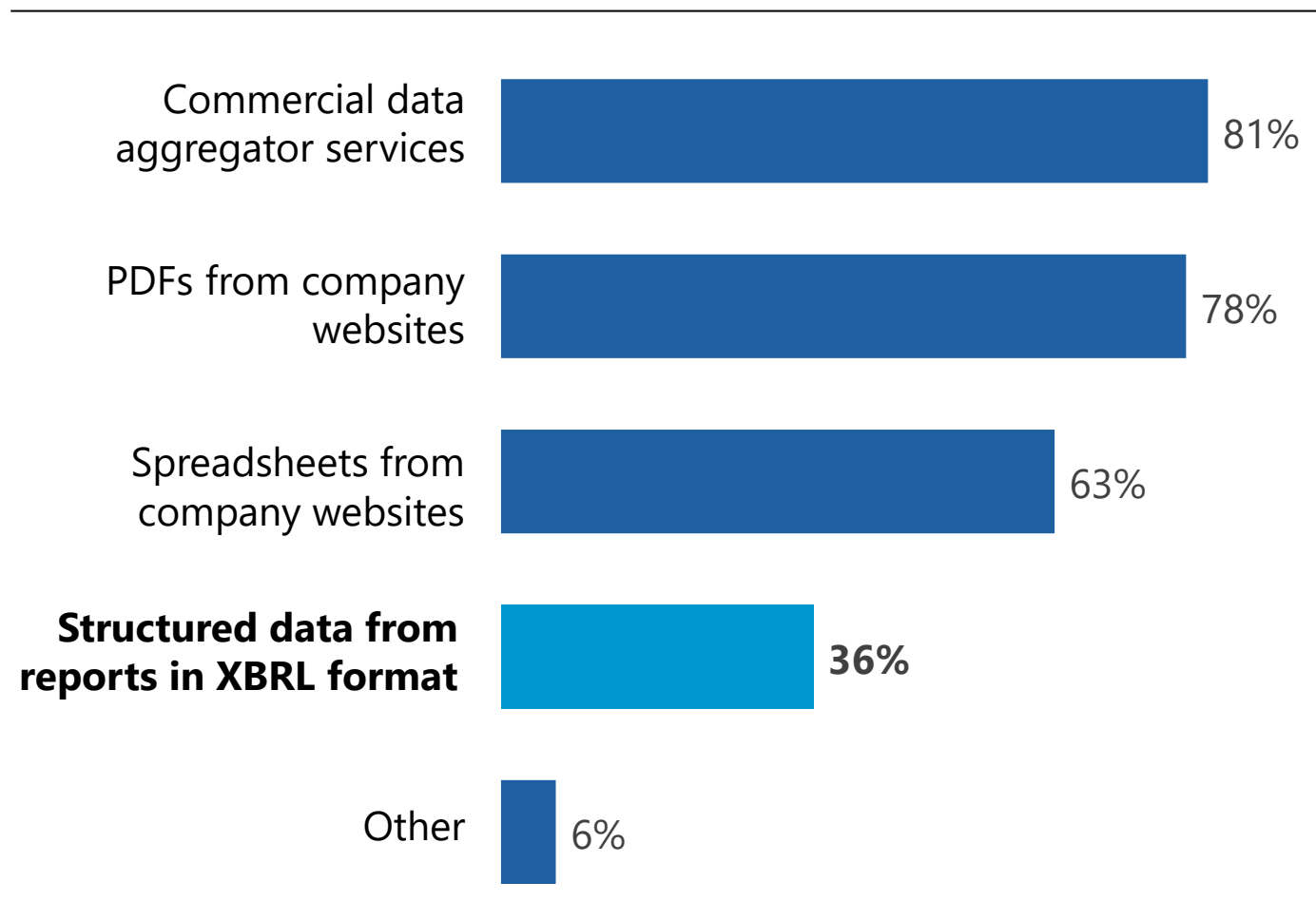Spreadsheets from company websites — 63%

Structured data from reports in XBRL format — **36%**

Other — 6%

- Multiple answers were allowed.

- There was a higher take-up of XBRL data among sell-side professionals (48%) than buy-side professionals (15%).

- Data aggregators' services may be based on XBRL data as well – the survey results do not capture this indirect usage.

- 89% of those using PDFs extracted the data manually (copy-paste)

2. XBRL data
If you use XBRL data, how?

How often do you use data in XBRL format in your role?

% of the respondents who use XBRL data

| 1% | 25% | 58% | 16% |

● Always ● Frequently ● Occasionally ● Rarely
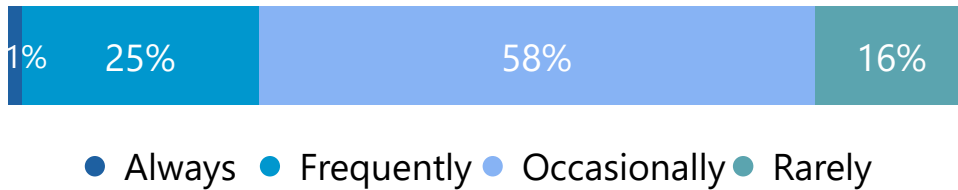
From which sources do you use structured data in XBRL format?

% of the respondents who use XBRL data
(multiple answers allowed)

Individual company websites — 77%

UK Companies House
UK listed and private company data — 43%

US SEC EDGAR –
US listed company data — 42%

An EU regulator or stock exchange –
EU listed company data — 32%

**Financial Conduct Authority (FCA)
National Storage Mechanism** –
UK listed company data — 30%
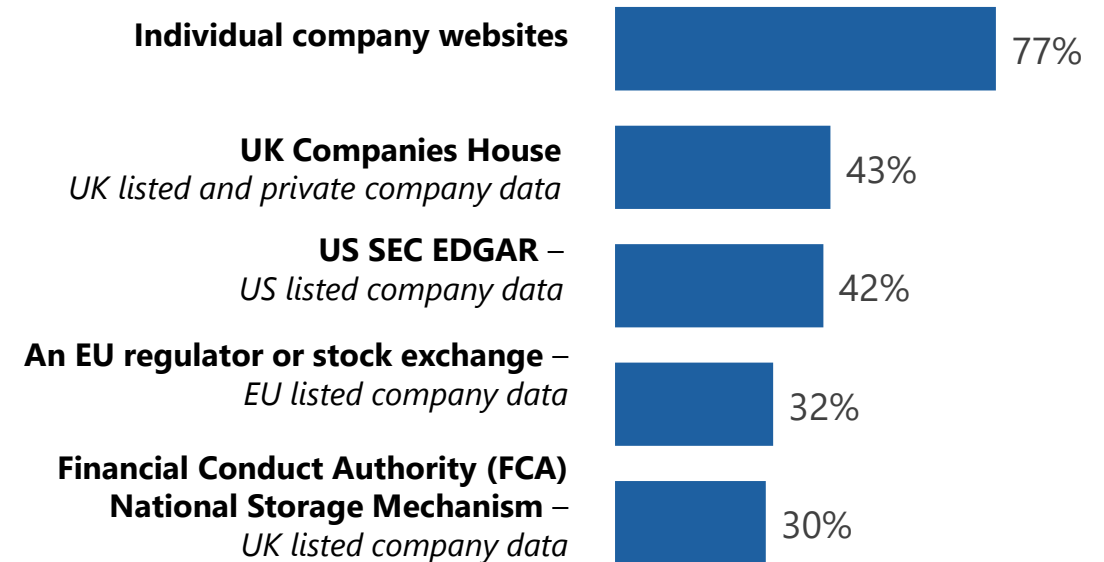
2. XBRL data

If you do not use XBRL data, why?

Familiarity with XBRL or similar terminologies among non-users is low:
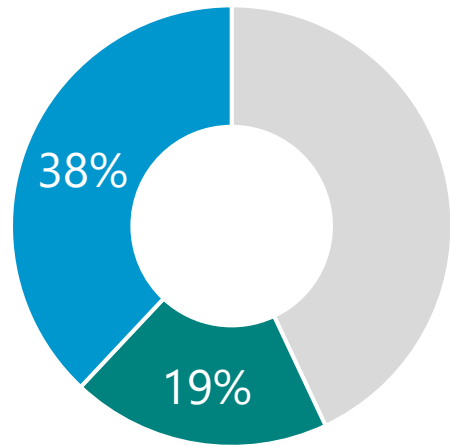
○ XBRL data users (financial and ESG data)

● Non-users **unfamiliar** with structured data terminologies

● Non-users **familiar** with structured data terminologies

Among the non-users who are familiar with XBRL:

83%

Are unaware that in the UK, companies' annual reports are freely accessible in XBRL format from the Financial Conduct Authority (FCA) and Companies House

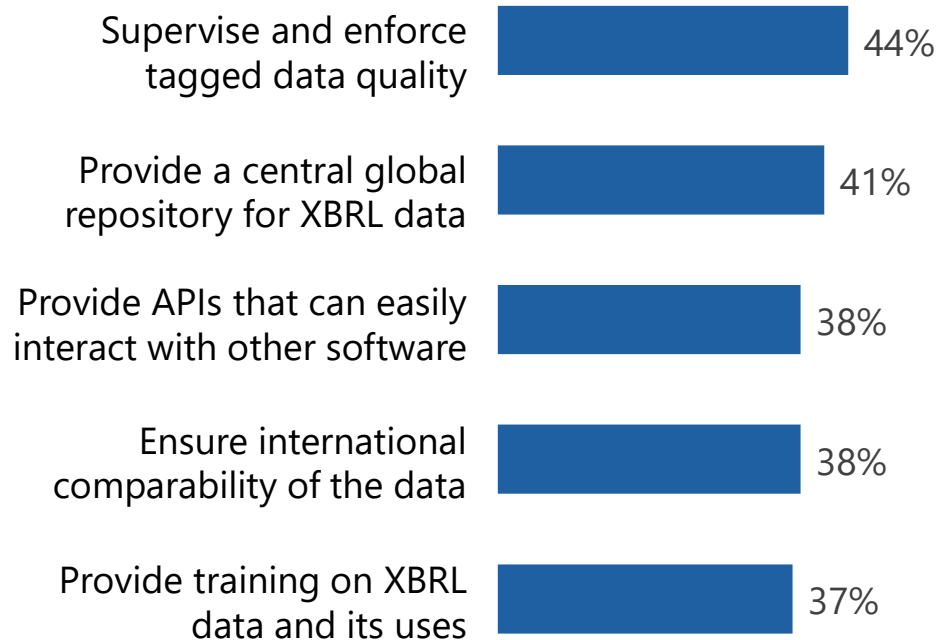**Primary challenges of using XBRL (Top 3)**

Unsure how to work with XBRL data — 70%

Unsure where to find the data — 40%

Not aware of the benefits or relevance of XBRL data — 37%

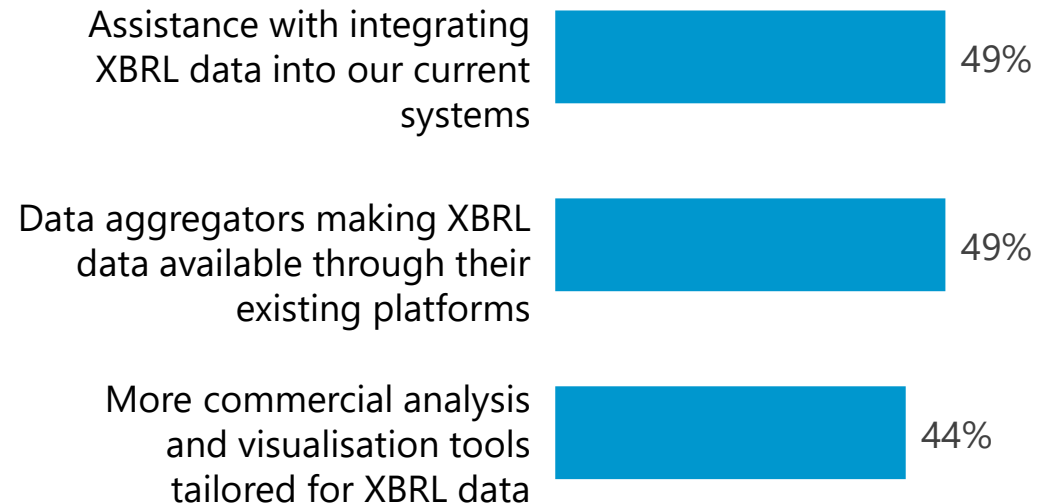% of non-XBRL users who are familiar with XBRL, multiple answers allowed

3. Future opportunities
How to increase XBRL data usage

What could governments, regulators or standard-setters do to increase usage of XBRL-tagged data?

Supervise and enforce tagged data quality	44%
Provide a central global repository for XBRL data	41%
Provide APIs that can easily interact with other software	38%
Ensure international comparability of the data	38%
Provide training on XBRL data and its uses	37%

Top 5, % of respondents who are familiar with XBRL, multiple answers allowed

What other factors could support data usage?

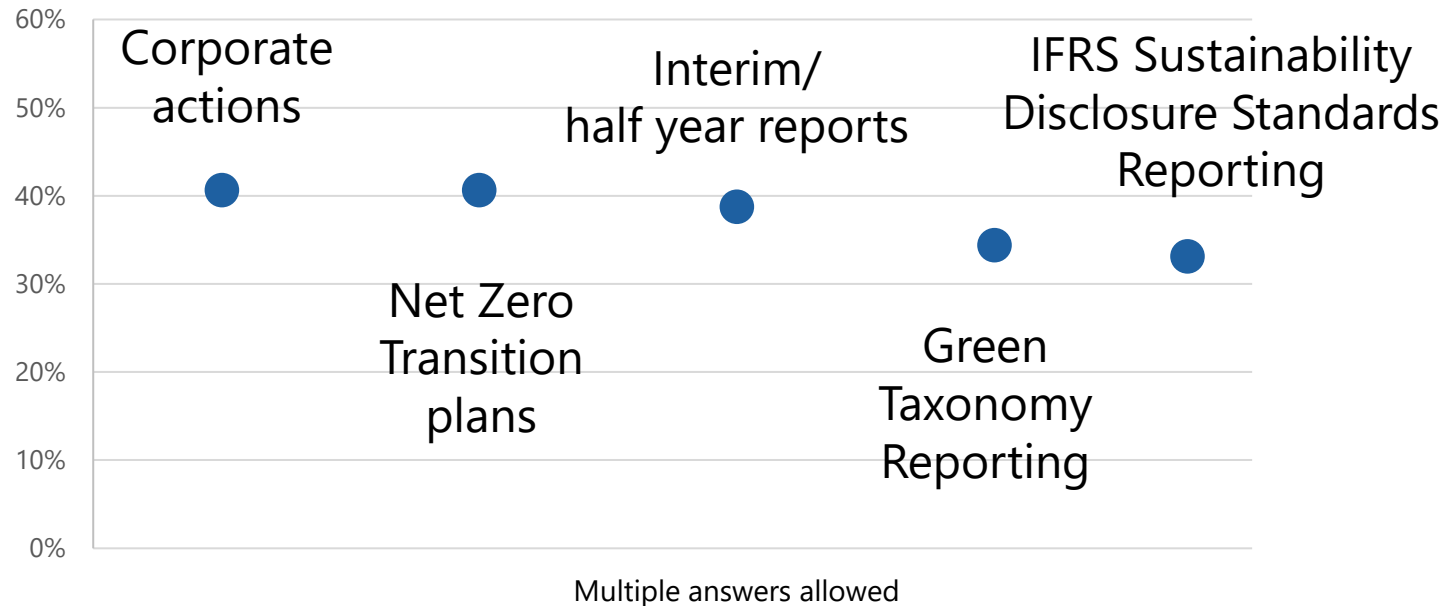|	
Assistance with integrating XBRL data into our current systems	49%
Data aggregators making XBRL data available through their existing platforms	49%
More commercial analysis and visualisation tools tailored for XBRL data	44%

% of respondents who are familiar with XBRL, multiple answers allowed

3. Future opportunities

In which areas of corporate reporting could tagging be useful?

Priority areas for tagging (top 5)

Corporate actions

Net Zero Transition plans

Interim/half year reports

Green Taxonomy Reporting

IFRS Sustainability Disclosure Standards Reporting

Multiple answers allowed

- Top priorities include new environmental-related reporting.

- Importance of historical data availability (see slide 7) would support 'digital from the start' approach for these areas.

- Areas to which respondents assigned a relatively low priority included: non-EU/UK GAAP financial reporting, diversity and inclusion reporting and cybersecurity disclosures.
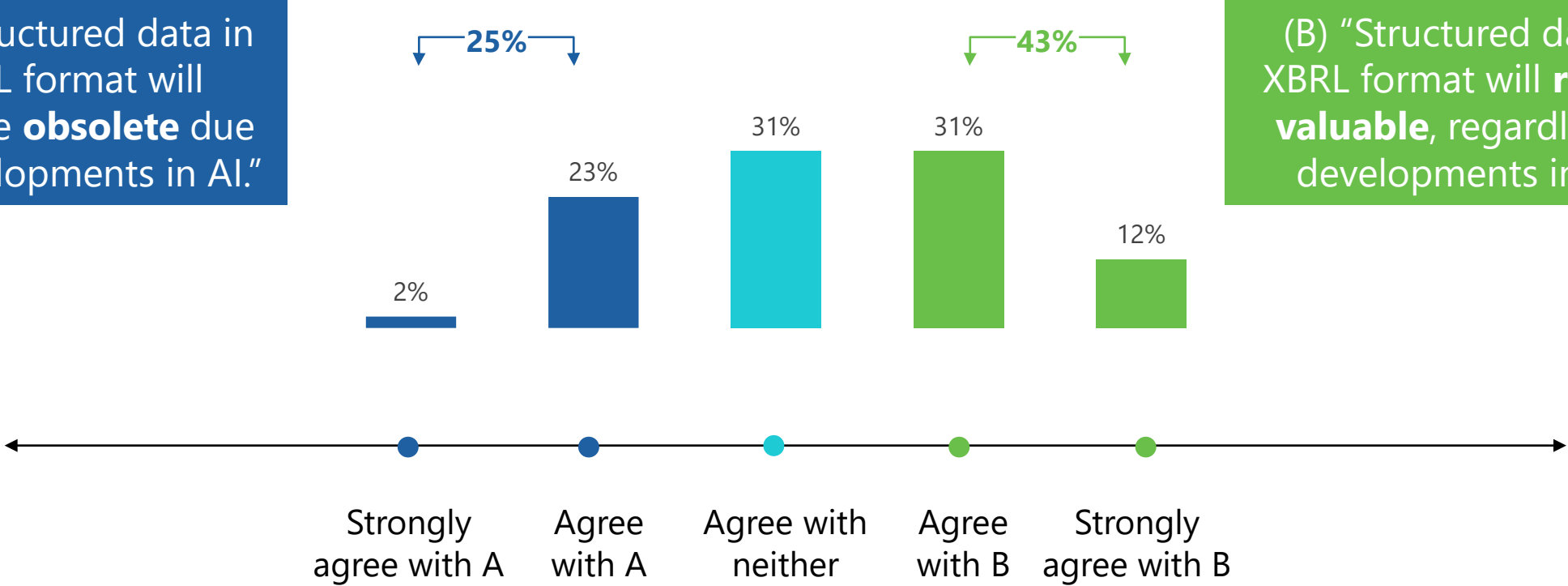
3. Future opportunities
Impact of AI developments

Which statement best describes your opinion:

(A) "Structured data in XBRL format will become **obsolete** due to developments in AI."

25%

2%

23%

31%

31%

12%

43%

(B) "Structured data in XBRL format will **remain valuable**, regardless of developments in AI."

Strongly agree with A | Agree with A | Agree with neither | Agree with B | Strongly agree with B

% of respondents who are familiar with XBRL

3. Future opportunities

Investors' sentiments around future opportunities of XBRL data

● Sell-side   ● Buy-side   % Agree (Strongly agree + Agree)

The use of structured data formats such as XBRL in investment decision-making will become **more prevalent in the future**.
- 66%
- 72%

Integrating data in XBRL format into our investment process is/ could be **straightforward** for us.
- 51%
- 50%

Our organisation is **concerned about the initial cost** of transitioning to structured data in XBRL format from other data sources.
- 54%
- 43%

Our company is **increasingly adopting** the use of digitally structured data in XBRL format.
- 47%
- 30%

Key takeaways

As investor use of XBRL data grows, data quality becomes even more important

Improving access to and usability of the data is key

There is an investor demand for more areas of corporate reporting to be tagged, including ESG reporting