Structured data investor survey

FRC Lab, Financial Reporting Council
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Background

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)

Buy side (n=60)

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<th></th>
<th>UK</th>
<th>Non-UK</th>
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<td></td>
<td>31</td>
<td>29</td>
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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)

- **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)

- **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?

- 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

- 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: 43%
- US SEC EDGAR: 42%
- An EU regulator or stock exchange: 32%
- Financial Conduct Authority (FCA) National Storage Mechanism: 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) 38%
- Non-users unfamiliar with structured data terminologies 19%
- 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

<table>
<thead>
<tr>
<th>What could governments, regulators or standard-setters do to increase usage of XBRL-tagged data?</th>
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<tbody>
<tr>
<td>Supervise and enforce tagged data quality</td>
<td>44%</td>
</tr>
<tr>
<td>Provide a central global repository for XBRL data</td>
<td>41%</td>
</tr>
<tr>
<td>Provide APIs that can easily interact with other software</td>
<td>38%</td>
</tr>
<tr>
<td>Ensure international comparability of the data</td>
<td>38%</td>
</tr>
<tr>
<td>Provide training on XBRL data and its uses</td>
<td>37%</td>
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</table>

### 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

Survey findings

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3. Future opportunities
In which areas of corporate reporting could tagging be useful?

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.”

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

Survey findings

% of respondents who are familiar with XBRL
3. Future opportunities

Investors’ sentiments around future opportunities of XBRL data

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

Integrating data in XBRL format into our investment process is/ could be straightforward for us.

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

Our company is increasingly adopting the use of digitally structured data in XBRL format.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Sell-side</th>
<th>Buy-side</th>
<th>% Agree (Strongly agree + Agree)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The use of structured data formats such as XBRL in investment decision-making will become more prevalent in the future.</td>
<td></td>
<td></td>
<td>66%</td>
</tr>
<tr>
<td>Integrating data in XBRL format into our investment process is/ could be straightforward for us.</td>
<td></td>
<td></td>
<td>51%</td>
</tr>
<tr>
<td>Our organisation is concerned about the initial cost of transitioning to structured data in XBRL format from other data sources.</td>
<td></td>
<td></td>
<td>54%</td>
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<tr>
<td>Our company is increasingly adopting the use of digitally structured data in XBRL format.</td>
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<td></td>
<td>47%</td>
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</table>
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