

Analysis of Data-centric Financial Governance System

Yifei Fang

*Saxo Fintech Business School, University of Sanya, Sanya, China
fyf306895938@126.com*

Abstract: *In the era of digital economy, data is a new production factor, and its economic and value attributes are constantly being discovered and valued. The financial industry has a large amount of high-value data information, but there are still problems such as unclear data ownership, inconsistent data quality, and asymmetric data information, which lead to fragmentation of financial data governance and seriously hinder the full play of the value of data. Thus, how to establish a financial governance system with data factor is particularly urgent.*

Keywords: *Big Data; Data Factor; Digital Economy; Financial Governance System*

1. Introduction

Under the influences of wide spread of the COVID19 and the global economic downturn, the scale of China's digital economy has reached 39.2 trillion yuan in 2020, accounting for 38.6% of GDP, an increase of 2.4% compared to 2019. In recent years, China's digital economy has shown a steady growth trend and has become an important supporting force for social and economic development.

On April 9, 2020, Statements of the CPC Central Committee and The State Council on Building a More Perfect Market-oriented System and Mechanism for The Allocation of Factors of Production were published as follows: Data, as a new factor of production, along with traditional factors such as land, labor, capital and technology. At the same time, it is further clarified that it is necessary to accelerate the cultivation of the data factor market, promote the open sharing of government data, enhance the value of social data resources, and strengthen the integration and security protection of data resources. With the rapid development of the digital economy, the value attributes of data are constantly being discovered and valued.

As one of the cores of the modern economy, the financial industry is also a data-intensive industry with massive high-value data resources. The financial industry has unique advantages in the digital economy era. At the same time, with the widespread application of emerging technologies such as cloud computing, block chain, big data, and AI in the financial industry, the products, formats, processes, and models of the financial industry are constantly being updated. With the gradual integration, the value of financial data has become increasingly prominent.

2. Main Issue Existing in the Financial Governance System

Compared with other industries, the financial industry has unparalleled advantages in data scale, quality and added value. At the same time, the financial industry also has unclear data ownership, inconsistent data quality, data information asymmetry, personal information leakage and other issues. In order to avoid the fragmentation of financial data governance, give full play to the value of data factors, release the internal driving force of the financial industry, establish a scientific and perfect modern financial governance system, and strengthen the modernization of financial governance capabilities are urgent.

The financial governance system refers to a series of financial participants, including financial consumers, financial institutions, financial regulators and third parties, who jointly participate in financial activities and jointly maintain the stability of the financial order. The financial governance system not only emphasizes a series of rules and norms at the institutional level, but also pays attention to the multi-party interaction of relevant stakeholders, involving the extensive participation of financial regulators, financial institutions and financial consumers. At this stage, in order to give full play to the

role of data factors and fully tap the value of financial data, there are still many key issues in the country's financial governance system that need to be solved urgently:

First, the issues of data ownership, authorization of data usage and data security are the basic prerequisites to generate economic value and to achieve a healthy and stable data ecology. Financial data governance should not only transform a large amount of financial data into productivity, but also prevent the disorderly extension of financial data. For example, financial institutions can explore the largely needs of financial consumers by analyzing financial transaction data and provide more accurate personalized services. However, the issue of ownership of financial transaction data has not yet been clearly defined. In most cases, financial institutions use agreements obtain the user's authorization to obtain the right to use this part of the information, but because the data ownership is not yet clear, the phenomenon of excessive collection and infringement of personal information frequently occurs, and problems such as data leakage and abuse are also constantly impacting the trust of public's perception of the financial system.

The second issue is how to deal with the problem of information asymmetry in financial data. The issue of information asymmetry in financial data is one of the important obstacles to the orderly and healthy development of country's financial industry. On the one hand, the producers of financial data—financial consumers are at an absolute disadvantage in the relationship of data asymmetry. On the other hand, traditional financial institutions, financial regulatory authorities and Internet financial institutions are extremely unequal in terms of data scale and quality. In today's digital economy era, foreign Internet financial platforms such as Facebook and domestic Internet financial platforms such as Alipay have incomparable advantages in data scale and quality. Data monopoly has also become one of the important reasons for the current financial regulatory arbitrage. Based on the starting point of safeguarding public interests and maintaining market order, the problem of asymmetric financial data information has caused considerable difficulties and challenges to the current financial supervision system, and the sharing of data and financial information has become imminent.

The third issue is how to play the role of new technologies in financial innovation and financial supervision. At present, in the process of the development of the digital economy, many Internet financial institutions have neglected the protection of financial consumers' rights and interests, leading to a large number of disorderly competition behaviors, such as obtaining the right to use and benefit from consumer data in the form of overlord clauses, and abusing resale of consumer financial data and more. The main driving force of the digital economy comes from the application of new technologies, giving full play to the role of technology in discovering the value of financial data, such as AI, which greatly reduces the difficulty of large-scale cluster operation and maintenance; distributed storage technology enables different types and sources of data. Centralized storage of data becomes possible; the promotion of new storage media such as all-flash and SCM has greatly improved storage speed and capacity. At the same time, attention should be paid to the protection of financial consumers' rights and interests, and the role of new technologies in combating regulatory arbitrage, anti-money laundering, anti-terrorist financing, and preventing systemic risks should be brought into full play.

The fourth is to coordinate the relationship between financial cooperation and competition. As far as the current data competition and sharing between traditional financial institutions and data platforms, the game of interests between financial regulators and financial data platforms, and financial enterprises, the differences in technological innovation between countries, etc., sharing and opening, Cooperation and competition are issues that society has to face at every stage. The digital economy tends to be more efficient and fairer, and financial governance must naturally consider inclusive finance, government-enterprise cooperation, and global cooperation. But at the same time, the openness of data will also dilute the national sovereignty attribute of data to a certain extent.

3. Data-Centric Financial Governance System

With the continuous application of new digital technologies in the financial industry, the digital transformation of the financial industry has accelerated, financial product innovation and financial supervision and stability have become one of the main themes, and the improvement of the financial governance system and the modernization of financial governance capabilities have gradually been put on the agenda. Data-centric financial governance system should focus on mining the value of financial data, ensuring financial data security, and strengthening financial data supervision. The economic value of data, and the establishment of a government-led financial governance system with the cooperation of financial participants.

There is no doubt that in a financial governance system with data as the core factor, the government should play a central role and take the lead. On the one hand, it should play a major role in organizational construction, laws and regulations, and infrastructure improvement, and improve the underlying structure for the development of the financial industry. The financial industry developed in an orderly and standardized manner. Secondly, for financial institutions, continue to promote the effective governance of financial data, continuously improve data quality, better release data value, enhance data core competitiveness, enhance data risk prevention and control capabilities, assist financial institutions in digital transformation, and promote high-quality development of the financial industry. For financial consumers, the application of new technologies, data cooperation and sharing, data security and protection and other issues cannot be ignored. All parties should, on the basis of ensuring the legitimate rights and interests of financial consumers, maximize the economic value of financial data and realize both individual and collective interests.

4. Countermeasures and Suggestions

The financial governance system in the era of digital economy must rely on data factors as the core. While coordinating the interests of all financial participants, it also handles core issues such as data security and supervision, data openness and sharing, data competition and cooperation, and fully taps the value of financial data. , to realize the digital transformation of the financial industry. The construction of a financial governance system in the digital economy era can be seen from the following aspects:

First, accelerate the formulation and improvement of data-related laws and regulations, and strengthen the top-level design of the financial governance system. Further improve the laws and regulations on data and data security. While determining the status of data production factors in legal form, improve the rules and regulations on data weight distribution, data security and supervision, data risk and management, etc., to further consolidate data The fundamental position of factors in the digital economy will further optimize the relationship between financial supervision and financial innovation, and improve financial governance capabilities.

The second is to speed up the construction of data financial infrastructure. Traditional financial infrastructure includes soft facilities such as accounting standards, credit environment, and business environment, as well as hardware facilities such as payment and settlement systems, national credit reporting systems, and 5G technology. The government still needs to ensure the continued safe and stable operation of the financial system. At the same time, in order to give full play to the economic efficiency of data, the government also needs to pay more attention to the construction of data. financial infrastructure, continue to give full play to the efficiency of financial data, and build safe and stable software and hardware facilities, such as the national data cloud platform, data security real-time monitoring platform, development Data valuation, data rating, data mortgage registration and other data credit markets, data asset trading systems, data payment and settlement systems, data security assurance and other data financial infrastructure. While continuing to improve the construction of traditional financial infrastructure, increase investment in R&D funds to continuously develop data financial infrastructure, and provide a solid software and hardware foundation for financial innovation and financial supervision in the digital economy era.

The third is to strengthen the governance, supervision and cooperation of financial data platforms. Internet financial data platforms have huge advantages in data quality and scale. Driven by economic interests, behaviors that endanger the rights and interests of financial consumers and regulatory arbitrage are easy to occur. Therefore, it is particularly necessary to strengthen the supervision of financial data platforms. We should also give full play to the role of financial data platforms in data acquisition and technological innovation to strengthen cooperation. At the same time, it is also necessary to build a government-led financial data sharing center. Financial data sharing, cooperation and supervision can reduce the existence of data monopoly and data silos and maximize the value of financial data.

The fourth is to develop a government real-time regulatory technology platform and establish a complete financial risk early warning system. Give full play to the role of emerging technologies in financial supervision, establish a real-time regulatory technology platform, realize real-time monitoring of the behavior data of financial consumers, financial institutions and financial data platforms, establish a complete financial risk early warning system, and prevent financial emergencies Events and systemic risks occur. In addition, in the context of the globalization of the digital economy, issues such as global integration, the opening and sharing of data and technology, and digital crime governance have also made global cooperation in the digital economy, social and financial governance systems particularly necessary.

5. Conclusion

Data-centric Financial Governance System should focus on mining the value of financial data, ensuring financial data security, and strengthening financial data supervision. The economic value of data, and the establishment of a government-led financial governance system with the cooperation of financial participants. The government should play a major role in organizational construction, laws and regulations, and infrastructure improvement, and improve the underlying structure for the development of the financial industry. Financial institutions should promote the effective governance of financial data, continuously improve data quality, better release data value, enhance data core competitiveness, enhance data risk prevention and control capabilities. All parties of financial industry should, on the basis of ensuring the legitimate rights and interests of financial consumers, maximize the economic value of financial data and realize both individual and collective interests.

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