



[EDM Council Hopes to Spark an Ontology Revolution](#)

FTF News

Ryan Boysen

June 12, 2015

The first of 30 FIBO Foundations standards is emerging and its backers say what's to come will be the most important development for data management.

The Enterprise Data Management (EDM) Council recently approved its FIBO Foundations data content standards, the first of 30 planned sets of standards that could potentially revolutionize how firms in the financial services industry handle their data once they've been fully implemented, EDM Council officials say.

FIBO, which stands for Financial Industry Business Ontology, is an open standard for defining the business terms and relationships associated with financial instruments, pricing concepts and financial processes.

"Essentially, we're trying to build a complete and accurate model of how things really work in the real world, in order to give all of our members a single, standardized reference point," says Michael Atkin, managing director at the EDM Council. "It's kind of like a data Rosetta Stone, in a sense."

As anyone who's worked in the middle or back office of a large financial firm knows, data is spread across hundreds, sometimes thousands, of separate repositories and applications, and is often not very well standardized across these different silos, if at all. By pinning down legal and technical definitions for every type of data set, the FIBO initiative seeks to provide a single reference point that can be used to help align and harmonize data across all those different silos.

FIBO Foundations establishes standards for defining "the business terms and relationships associated with financial instruments, pricing concepts and financial processes," according to an EDM Council statement. This includes both the technical aspects and the legal or contractual concerns. As its name implies, the Foundations data standards are the first step in the FIBO process, and will be built upon with the release of further data standards for asset classes, business entities, indices and other, more specific categories.

Atkin says most of the EDM Council's members are fully on board with the process, and he says that as it continues to pick up steam the standards established by FIBO could prove to be a game changer in how large firms manage data. "In my opinion, this is the most important development for data management I've seen in over 30 years working in the space," Atkin says.

That's because, once all the standards have been rolled out and adopted, it should



be much easier for firms to compare and analyze data across silos because of the common reference point the standards will provide. This, in turn, should make it easier for firms to engage in large-scale analysis of firm-wide data, using analytics tools often associated with Big Data technology and firms like Google or Facebook.

“It’s great because you don’t have to replace all these disparate sets of data,” Atkins says, “You just have to map everything onto this new reference point, and then go from there.”

If all goes according to plan, that could make it much easier for firms to comply with the post-crisis regulatory reporting requirements that many are still struggling with, as evidenced by several reporting-related warnings and fines at large banks.

Last summer, for example, Federal Reserve officials sent a letter to Deutsche Bank that excoriated the firm over the reports sent in by its U.S. branch, saying they were “of low quality, inaccurate and unreliable. The size and breadth of errors strongly suggest that the firm’s entire U.S. regulatory reporting structure requires wide-ranging remedial action.”

Atkin says the FIBO standards could drastically ease reporting burdens for large firms.

“I just don’t see any other way you can meet those regulatory obligations,” Atkin says, while noting that adoption of the finalized standards and the analytics this would enable could allow firms “to suck the cost out of operations and generally start pulling them out of this regulatory hell we’ve been stuck in.”

While many of the EDM Council’s members have been supportive of the process thus far, Atkin says the successful adoption of Foundations and the future standard sets will depend upon the back office’s ability to convey the advantages of adoption to the front.

“You’ve really got to show the business side the value of these standards and what they allow you to do,” Atkins says. “That’s going to be a key driver of adoption going forward.”

The EDM Council’s Object Management Group (OMG) oversees the FIBO process, which consists of modeling various areas and activities, converting them to Web Ontology Language standard used by OMG, and then developing specific standards like Foundations.

Further standards will be released according to demand from EDM Council members. This EDM Council calls this process build, test, deploy and maintain (BDTM).



“The BTDM process promotes collaboration among financial institutions, technical experts and ontology vendors to both model the complexity of financial processes and express it in the Web Ontology Language standard known as RDF/OWL,” says Dennis Wisnosky, senior advisor to the EDM Council for FIBO, in a statement.