

# IFRS Taxonomy — strategy update

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The views expressed in this presentation are those of the presenter, not necessarily those of the International Accounting Standards Board or the IFRS Foundation.

- Purpose of the session
- Background — Why now?
- Context for feedback
  1. The electronic reporting environment
  2. The IFRS Foundation's value proposition
  3. Technology — opportunity and risk management
  4. Electronic reporting — defining success

# Purpose of the session

# Purpose of the session

The staff seeks ITCG members' views on electronic financial reporting using IFRS Standards to inform our planning.

When responding to the questions below, please consider time horizons of:

- 1 – 3 years
- 3 – 5 years
- 5 –10 years

- 1. The electronic reporting environment** — Electronic reporting of financial information is becoming increasingly important. The IFRS Foundation facilitates electronic reporting of IFRS financial information by developing and maintaining the IFRS Taxonomy. Are there more effective alternatives to facilitating electronic financial reporting using IFRS Standards?

- 2. The IFRS Foundation's value proposition** — What unique value does the IFRS Foundation, a public interest organisation, bring to the development and maintenance of a taxonomy for IFRS financial reporting?
- 3. Technology — opportunity and risk management** — What are the opportunities and risks of relying on XBRL to support the IFRS Taxonomy? How do we capitalise on the opportunities and mitigate the risks?
- 4. Electronic reporting — defining success** — What does success look like? Is success a world in which electronic reporting increases the efficiency of global capital markets by facilitating the analysis of financial information and reducing information asymmetry? What needs to occur throughout the global financial reporting system to enable this success?

# Breakout discussion

- We would like each break-out group to prioritise discussion of the following questions
- We would like each group to consider all questions, if there is enough time

## Group A

1. The electronic reporting environment—  
**slides 10-14**
2. The IFRS Foundation's value proposition —  
**slides 15-16**

## Group B

1. The electronic reporting environment—  
**slides 10-14**
3. Technology — opportunity and risk management —  
**slides 17-18**

## Group C

1. The electronic reporting environment—  
**slides 10-14**
4. Electronic reporting — defining success —  
**slides 19-20**

# Background — Why now?

- The last review of the strategic direction of the IFRS Taxonomy was in 2016
- Increasing adoptions:
  - Foreign Private Issuers in the United States — for periods ending after 15 December 2017
  - ESMA adoption European Single Electronic Format — from 1 January 2020
  - South Africa, Chile, Mexico, Peru, South Korea, Australia
- Rapid pace of technological change



# Background — the world is going digital

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- **More than half of the world's population** had internet by the end of 2018 — 3.7 billion people
- **Household internet access increased to 60%** by the end of 2018 from 20% in 2005 according to the ITU's 'Measuring the Information Society Report'
- **2.5 quintillion bytes of data** created per day
- **Machine learning usage is increasing** — 2019 global study by Refinitiv found 90% of financial institutions with over a \$1 billion in revenue had deployed machine learning by one or more departments to manage or analyse content

# The electronic reporting environment

# The electronic reporting environment

In an electronic reporting environment, what work should be started today to continue enabling transparent, accountable and efficient financial markets around the world into 2030?

**1. The IFRS Foundation facilitates electronic reporting through the development and maintenance of the IFRS Taxonomy. Are there more effective alternatives to facilitating electronic financial reporting using IFRS standards?**

Changes in technology take time to gain momentum

1

1955

- UNIVAC — universal automatic computer — General Electric — 40 hours to complete payroll calculations

2

1978

- VisiCalc — one of the first spreadsheet programs allowing business modelling
- Peachtree — accounting software for personal computers

3

2004

- China — first country to adopt XBRL reporting for equity markets — Shanghai and Shenzhen

2019 to 2030 for standard-setting and technology

1

2019-2022?

- Continued development and maintenance of the IFRS Taxonomy

2

2019-2030

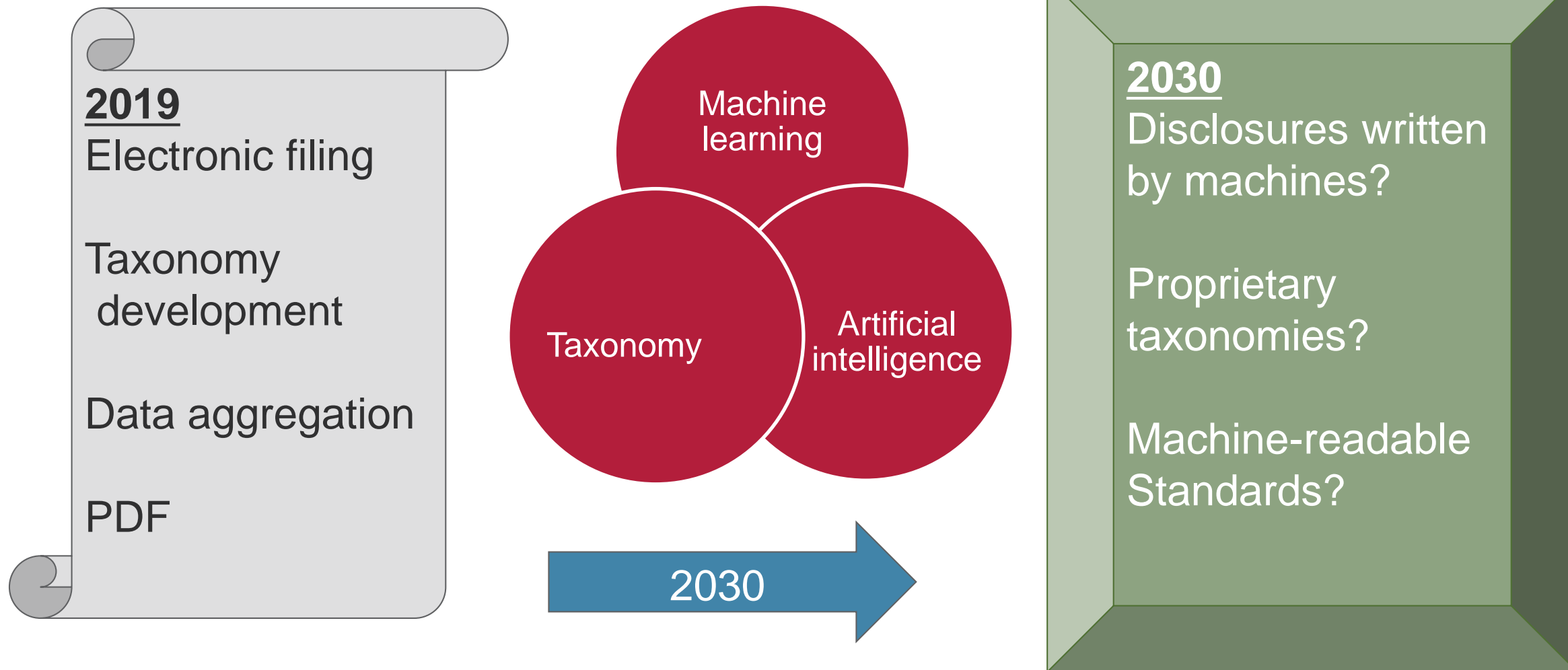
- What other approaches support electronic reporting?
- Who might be our partners?
- Where in the process — style of standard-setting or type of taxonomy?

3

Beyond 2030?

- Disclosures written by a machine?

# The electronic reporting environment — cont'd



# The IFRS Foundation's value proposition

# The IFRS Foundation's value proposition — development of the IFRS Taxonomy

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- The IFRS Foundation develops IFRS Standards that bring transparency, accountability and efficiency to financial markets around the world.
- Regulators set requirements for those who participate in financial markets.
- Investors use the end product of electronic reporting.

**2. What unique value does the IFRS Foundation, a public interest organisation, bring to the development and maintenance of a taxonomy for IFRS financial reporting?**



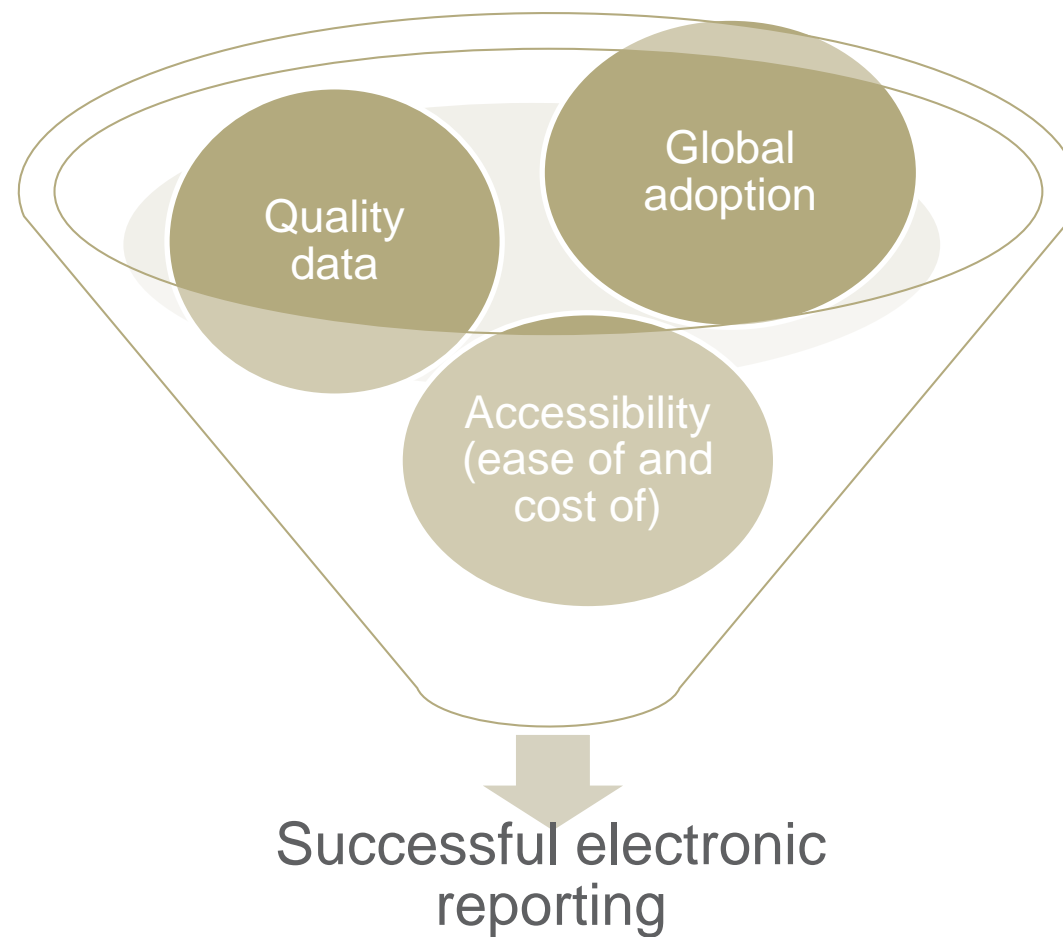
# Technology — opportunity and risk management

- The IFRS Taxonomy and the electronic delivery of financial information is based on XBRL software.

**3. What are the opportunities and risks of relying on XBRL to support the IFRS Taxonomy? How do we capitalise on the opportunities and mitigate the risks?**

# Electronic reporting — defining success

4. What does success look like? Is success a world in which electronic reporting increases the efficiency of global capital markets by facilitating the analysis of financial information and reducing information asymmetry? What needs to occur throughout the global financial reporting system to enable this success?



# Get involved

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