

BANCO DE ESPAÑA INDEPENDENT EVALUATION OFFICE

TERMS OF REFERENCE FOR EXTERNAL EVALUATION OF DATA GOVERNANCE, MANAGEMENT AND USE AT THE BANCO DE ESPAÑA

Banco de España



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1 Introduction

Data are critical to the performance of a central bank's functions. This is why the Banco de España is striving to become a data-based and data-driven organisation that affords data the importance and treatment they warrant and recognises them as an asset to be shared across the entire organisation.

Against this backdrop, in its Strategic Plan 2024, the Banco de España identified two transformative initiatives¹ that significantly impact the way numerous areas of the organisation work. The first initiative led to the development of a technological platform for data processing and analysis, whose first use case is the Central Credit Register. The second initiative resulted in a report on the key aspects of data governance, including a detailed analysis of the governance models used in other national and European bodies. Based on this report, the Data Office was established in March 2024. Its functions, which were defined by the Executive Commission, focus on data strategy and governance to improve the way data are managed and used at the Banco de España.

In the coming years, the Bank faces the challenge of strategically managing an ever-growing volume of data from different sources and of using data more intensively. Furthermore, it must strike a balance between data protection and data availability to ensure that they are used as efficiently as possible. Meanwhile, technological advances, digitalisation and innovation in data science enable the information collected by all areas to be harnessed more efficiently and made available to the Bank. To address these challenges, the Banco de España must ensure the consistency, integration and flexibility of the data collection, processing and analysis processes while also promoting the interoperability, efficiency, quality and transparency of data management.

Given this situation, an evaluation conducted by leading independent experts would be particularly useful to determine whether the Banco de España is working in the right direction and to receive relevant improvement proposals. This evaluation will also help the Banco de España set high-level objectives that will enable it to define and implement its data strategy, governance and management in the short, medium and long term.

The aim of this document is to define the terms of reference for the external evaluation of the Banco de España's data governance, management and use (hereafter, the External Evaluation).

¹ The "Redesign of information processing" and "Data governance programme" initiatives within Plan 2.4 "Promotion of technological innovation", which sought to harness the possibilities of new technologies to increase the Bank's effectiveness and efficiency.

2 Terms of reference

The External Evaluation will be conducted by an Evaluation Committee comprising independent experts of recognised standing in the field of data strategy, governance, management and use.

The findings of the External Evaluation shall be set out in an evaluation report to be submitted to the decision-making bodies of the Banco de España. The Evaluation Committee may be asked to appear before the Governing Council, in order to present its main conclusions and clarify any doubts.

The following terms of reference shall apply to the Evaluation Committee's work:

- 1 **Independence and impartiality.** The Committee members shall work independently and objectively.
- 2 **Timetable and deliverables.** The Evaluation Committee shall begin its work in late 2024 Q4 and shall deliver its report within nine months of acceptance of these terms of reference.
- 3 **Cooperation.** The Data Office shall provide the Evaluation Committee with all the necessary support and information. The Committee members may conduct online or face-to-face interviews with any Banco de España senior management and staff members they deem pertinent to the performance of their tasks. If they see fit, information may also be requested from other external sources.
- 4 **Confidentiality.** The Evaluation Committee members shall treat as confidential any material and information not in the public domain that is obtained in the fulfilment of their duties and shall refrain from making any public statements on the outcome of the external evaluation without the prior authorisation of the Banco de España. They shall remain bound by this obligation even after the evaluation has concluded.
- 5 **Publication.** The evaluation shall be subject to the disclosure criteria established in the evaluation programme guidelines, subject solely to the limitations of any applicable confidentiality considerations.

3 Goal

The External Evaluation will include a review of the status of data governance, management and use at the Banco de España. Combined with an understanding of the Bank's functions and objectives as a central bank, this review will help identify areas for improvement and establish high-level strategic principles, which will support the Banco de España's Data Office in implementing a data strategy. To this end, consideration will be given to a comparative analysis of the maturity level and data governance, management and use frameworks at other relevant central banks and financial sector institutions.

The main objectives of the External Evaluation are to assess and document the following aspects, based on an in-depth analysis of the Banco de España's current situation:

- a) The relevance, completeness and adequacy of the Banco de España's **data governance** capacities and structure. In particular, the roles, responsibilities and decision-making criteria of the data owners and users.
- b) The efficiency of the **data management** policies and procedures. In particular, the adequacy of the data identification, acquisition, processing and use processes (including the processes for identifying and implementing use cases of massive data exploitation). Among other things, it will be assessed whether the data are used extensively, precisely and rigorously for analysis and decision-making at the Banco de España, and opportunities for improvement will be identified.
- c) The **quality**, relevance, completeness and adequacy of the data.
- d) The data management **culture and training at the Bank**.
- e) The **capacities and mechanisms for collaboration and coordination** among the various **internal actors** which define, collect, process and use data, and how these capacities and mechanisms make data easier to access and share.
- f) The **capacities and mechanisms for collaboration and coordination** with the various national and international **external actors**, including the Eurosystem, which define and/or use data collected by the Banco de España and which produce data that may be of relevance to the Bank. As in point e) above, it will be assessed how these capacities and mechanisms make data easier to access and share.
- g) The data storage, processing and access capacity and efficiency of the **technological systems and infrastructures**, including the Bank's ability to maximize the value of its data by incorporating new technologies.