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# Opportunities Created by Cross Border Data Flows

NOVEMBER 2022



# Introduction

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Ecosystem, supported by their partner Zurich Insurance, conducted an invitation-only Executive ThinkTank at the Point Zero Forum in Zurich, earlier this year. A select group of regulators, investors, and senior executives from financial institutions from across the globe came together to share their insights and experiences on the critical role data is playing in a digital economy, and the concrete actions that governments and businesses can take to allow a free flow of data that will help create a global data economy.

**Here are the key takeaways from the ThinkTank.**



# #1 Bilateral Agreements for Transparency

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The aim of bilateral and issue-specific multilateral agreements is to help reduce data flow frictions and pave the way for the creation of a new global architecture for cross-border data flows.

Bilateral trade agreements are not the silver bullet to 'set data free' as they do not replace existing local privacy laws. However, trade agreements play an important role in developing standards that ensure transparency across objective criteria. This builds the foundation for cross-border privacy and data protection measures, in alignment with the local legislations.

**These agreements will require a synergetic effort from governments, regulators, and businesses to establish basic principles around 'proportionality' and 'necessity' against objective criteria as an overlay to the local privacy and data protection regulations.**





## #2 Building Trust is Crucial

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Global regulations are viewed as inhibitors to cross-border data flow. Individual countries might not be realising the full value of data sharing; they might be cautious about citizen protection or motivated by geopolitical reasons. Additionally, the responsibilities of different regulations sit with multiple ministries and government organisations.

Privacy has different meanings across different countries and private data is defined differently across these countries.

**One of the first steps is to establish common standards for opening up the APIs.**

This starts with building a trust in common data platforms and establishing some standards and interoperability arrangements. It will provide greater legal certainty for firms. Identifying the key stakeholder for all data-related regulations will also be essential to the success of cross-border data flow initiatives.



# #3 Consumers Can Influence Cross-Border Data Exchange

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Organisations with global customers have created competitive advantages by building uniform approaches across geographies in operating models, IT systems, and data. But with overlapping regulations on data privacy and protection, they are forced to move away from this uniform approach. This means cost and integration implications.

Organisations should continue to actively lobby to change regulator perspectives on data exchange.

**However, the real impact will be created when consumers come into the conversation – as they are the ones who will miss out on access to global and uniform services due to restrictions in cross-country data sharing.**



# The Way Forward

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Data is a critical component of the digital economy. As global technology platforms and digitalisation of economies and industries continue to grow, data will be even more critical for organisations and governments. But regulatory barriers can hinder the free flow of data that will power future economic growth. An international architecture for managing cross-border data flows is necessary to futureproof economies and safeguard the benefits of digitalisation.

This presents an opportunity to create a forward-looking global architecture for data flows.

**The good news is that certain multilateral efforts are already under way to make compliance more manageable, and that regulators and government officials are supportive of cross-border data flows.**





# Designing a Global Architecture for Growth & Innovation

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Zurich Insurance shared the highlights of their recently published whitepaper titled, “Cross-border data flows”. Here are the key findings of the whitepaper:

- International data flows are key to driving growth and innovation in both advanced and emerging economies as well as resilience.
- The growing number of restrictions suggests increasing fragmentation of international data flows, which would limit benefits.
- An international architecture for managing cross-border data flows is necessary to futureproof economies and safeguard the benefits of digitalisation.

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