

DATA GOVERNANCE SERIES · PAPER 01 · MAY 2026

The Data Obligation.

Governing Financial Data in an Era of Artificial Intelligence

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ISSUED

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FOCUS

Data Governance · AI · Regulation

Three waves of regulatory reform have shaped today's obligations.

WAVE 1 • 2008-2015

The Accountability Reset

TRIGGER

- Global Financial Crisis exposed broken risk data infrastructure
- Basel III • BCBS 239 • EMIR • Dodd-Frank • FATCA/CRS
- MiFID II extended transaction reporting across instruments

Governance assumed human-reviewed, controlled-environment data.

WAVE 2 • 2015-2022

The Question of Control

TRIGGER

- Cloud adoption moved data off owned infrastructure
- APRA CPS 231 • EBA Cloud Guidelines • MAS TRM
- Third-party risk frameworks extended accountability outward

The firm is accountable for outcomes regardless of who operates the infrastructure.

WAVE 3 • 2022-PRESENT

The Diminishing Role of Human Review

TRIGGER

- AI generating data at a scale humans cannot review
- Model governance • data lineage • automated validation
- The human review layer has moved — or been removed

The obligation has not changed. What is required to meet it has.

Six control expectations run through financial services regulation globally.

CONTROL 01

Know what data you hold

Customer, risk, payment, identity and critical operations data inventoried and owned.

AI adds: model-generated outputs are data too — inventory must include them.

CONTROL 02

Know where it flows

Cloud, offshore providers, APIs and third parties mapped and governed.

AI adds: model vendors and inference pipelines are data flows that must be mapped.

CONTROL 03

Prove its quality and lineage

Risk, regulatory and board reporting traceable, validated and accurate.

AI adds: lineage must trace back through model versions and training data.

CONTROL 04

Protect it operationally

Cyber, access, resilience and recovery controls in place and tested.

AI adds: model unavailability is a data pipeline failure — resilience must cover it.

CONTROL 05

Govern third parties

Cloud and outsourcing treated as board-level risk, not vendor management.

AI adds: model providers are third-party data processors subject to the same scrutiny.

CONTROL 06

Report incidents quickly

Cyber, ICT, privacy and operational disruption events reported on time.

AI adds: model failures producing incorrect regulated outputs may be reportable events.

AI has created an accountability gap. Four disciplines close it.

DISCIPLINE 01

Data Lineage and Provenance

Every consequential output must carry a traceable record of how it was produced: which model, trained on what data, validated when. Without lineage, board attestations are assertions — not governance.

DISCIPLINE 02

Automated Validation and Exception Management

Volume-scale review requires validation controls that are themselves governed. Exception rates must be monitored and escalated. An AI system that never raises exceptions is not well-calibrated — it is ungoverned.

DISCIPLINE 03

Model Governance as Data Governance

Risk models, surveillance systems, and report generators are data production processes. They require documentation, validation, performance monitoring, change control, and clear ownership.

DISCIPLINE 04

Accountability That Is Explicit and Personal

Governance works when someone's name is attached to an outcome. The individuals who own AI systems must understand what those systems produce. A signature on a return is not a formality — it is a commitment.

"Risk does not disappear when it is delegated to a machine. It changes shape."

This paper is the first in a series on data governance in financial services.

FORTHCOMING TITLES

- PCI DSS 4.0.1 in Practice: Data Governance for Card Payment Environments
- BCBS 239 in the Age of AI: Applying the 14 Principles to Machine-Generated Risk Data
- Governing the Surveillance Stack: MiFID II, MAR, and AI-Driven Trade Monitoring
- Cloud to AI: How Third-Party Risk Frameworks Need to Evolve
- Operational Resilience and the Data Pipeline: DORA, CPS 230, and What They Actually Require

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"Accountability has to be explicit and personal. In the age of AI, that means understanding not just what the system produced — but why, on what basis, and whether to trust it."