The role of Artificial Intelligence to understand risk disclosures at the European level: new opportunities with XBRL.

Manuel Rejón-López [1][3], Diego Valentinetti [4], Francisco Flores-Muñoz [2][3]

Extended Abstract: after more than twenty years of use of XBRL (eXtensible Business Reporting Language) as a format of interchanging electronic files in the financial and supervisory environment, it is convenient to answer the following research questions. First (1): what information about risk is available under that format at the international level? And second (2): it is possible to identify advantages/disadvantages of using AI approaches to explore these XBRL contents? A complete research agenda arises after these two questions, with some methodological insights that could guide subsequent research.

Theoretical framework:

Several scholarly frameworks will be present in this study to inspire research questions and to enlighten methodology approaches. In particular, those related to risk reporting and AI effectiveness will be highly present.

Scope of the research project:

The research will focus on XBRL jurisdictions and projects that have Europe as scenario. A special attention will be paid to the new opportunities that arise with the ESEF (European Single Electronic Format) initiative.

Methodology:

Along with some descriptive statistics and basic econometrics related to the electronic flow of data with XBRL in each project, the project will rely mainly on case study perspective, paying special attention to semi-structured interviews with key actors from IT, domain and solution profiles within selected relevant working groups.

Expected outputs:

the aim of this work is twofold. First, we would like to explore recent scholarly advancements on risk disclosures by European listed corporations. And second, we would like to see how Artificial Intelligence approaches could take advantage of new XBRL data to explore that kind of reporting.

This project will try to highlight, in one hand, the relevance of XBRL implementation as unique case due to its impact on both supervisory bodies and reporting entities. In the other hand, the research is intended to assess the link between XBRL raw data and AI approaches in order to explore risk disclosures in the European digital scenario.

(1) Universidad de Granada, Spain. creA-ssets consultancy. http://crea-sset.com/

(2) Universidad de La Laguna, Iriarte School, Spain. Francisco Flores-Muñoz, Ph.D. is professor of Economics and Finance, with 15years of experience in scholarly research in corporate transparency. He is also member of the Spanish Accounting Association and has been intensively collaborating with the XBRL community since 2005.

 (3) Spanish Accounting and Business Administration Association (AECA in Spanish) is a non-profit professional institute with 40 years of experience promoting better regulation and best corporate practices in Spain and abroad. AECA has promoted the use of XBRL in Spain since 2004 with the creation of the Spanish XBRL jurisdiction, with strong links and cooperation in Europe, Latin America and beyond, with internationally acknowledged taxonomies.

(4) Diego Valentinetti, PhD. Senior Researcher, DEc - Department of Economic studies. University "G. d'Annunzio" of Chieti-Pescar, Italy.