



Data as Capital

What China has done with data, and why Washington is now paying attention

A US congressional advisory body has published a report on how China turned data into something that can sit on a balance sheet and be borrowed against.

In August 2026 staff at the US-China Economic and Security Review Commission published an issue brief called [The People's Republic of Data: How China Is Turning Data into Capital](#). The Commission is a body set up by Congress to advise it on the economic and security aspects of the US relationship with China. Most of its work concerns trade, technology and defence. This brief is about something that sounds far less dramatic but may matter just as much. What happens when a country decides that data should be treated as an asset?

I have spent a good deal of the last two years working on the Isle of Man's Data Asset Foundation regime, so I read this report with particular interest. I am not a China specialist and this is not an article about Chinese politics. But the questions the report raises are exactly the ones that businesses, lenders and regulators everywhere will be asking over the next few years, and I think it is worth setting out what it says in plain terms.

The wrong bottleneck?

For several years, one of the central elements of Washington's strategy for maintaining its lead over China in artificial intelligence has been restricting China's access to the most advanced computer chips. The idea being if you restrict access to the most advanced semiconductors then in theory you restrict the ability to train the most advanced models.

The report suggests that compute is no longer the only constraint that matters. Frontier AI developers have largely worked their way through the open internet as a source of training material. Public text is now becoming a commodity. What remains genuinely scarce is the data that cannot be scraped. These are records inside companies, operational logs, and the streams of information generated by machines, sensors and factories that never touch the public web.

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What China has actually done

The starting point was in April 2020, when China's leadership formally named data as a “[factor of production](#)”, alongside land, labour, capital and technology. While in the West that would read like a line in a strategy document, in China it set off years of practical follow-through.

Exchanges

China has built a network of government-backed data exchanges where datasets can be listed, bought and sold, with a growing industry of services around them such as cleaning and labelling data, legal and compliance checks, valuation and storage. By the end of 2025 China's National Data Administration reported at least 4,000 data exchanges, infrastructure operators and data merchants offering more than 13,000 data products and services. The largest exchanges, in Guiyang, Shenzhen, Shanghai and Beijing, each handle more than RMB 1 billion (around US\$150 million) a year. The share of data transactions going through official exchanges has risen from under 5 per cent in 2021 to around 20 per cent in 2024.

Accounting

This is the part that caught my attention most. Since January 2024 Chinese companies have been allowed, under [Ministry of Finance rules](#), to record data on their balance sheets, either as an intangible asset or as inventory. Under [IAS 38](#) and US accounting rules, much of the expenditure involved in generating data internally is expensed as it is incurred, with the result that much of the economic value of internally generated data never appears as a separately recognised asset on the balance sheet. China has taken a different path and by December 2025, 136 companies listed on China's A-share markets had recognised RMB 3.8 billion of data assets, and a further 417 unlisted companies had done the same by March 2026.

The rules for how data is defined, valued, registered and traded are being written now. Once they are embedded in accounting practice, audit methodology and lending criteria, they will be very difficult to unwind.

Finance

Accounting recognition does not by itself create collateral, but it gives companies, valuers and lenders a clearer starting point from which financing can be structured. A small number of companies have borrowed from banks against their data assets. Securities described as data asset-backed had reached RMB 20 billion in cumulative issuance by May 2026, up from RMB 5 billion for the whole of 2025. The report cautions that most were not pure data securitisations, because repayment depended on other cash flows or guarantees. That same month saw China's first so-called ‘pure’ data ABS, a RMB 532 million issue linked to data-asset income streams, although it too was supported by a state-owned guarantor.

Standards

China has presented its data accounting framework to the International Accounting Standards Board, the body that sets IFRS, which is [currently reviewing how intangible assets are treated](#). In March 2026 Beijing also launched a new international body, the [World Data Organization](#), which the report says has already attracted more than 200 members from 40 countries.

Since the report was published, China has taken another step. On 21 September 2026 its National Data Administration announced that the country's [first batch of data property-rights registration certificates](#) was being issued, with 56 enterprises and institutions receiving certificates evidencing rights to hold, use and operate specified data. The new national system is intended to provide authoritative evidence of data rights to support data transactions, trading, balance-sheet recognition, financing and investment. Taken together, that is a remarkably complete attempt to give data the machinery that other assets already have. A place to trade it, a way to account for it, a means of financing it and, now, a register.

An honest picture

What I found refreshing about the report is that it does not oversell any of this. It is candid about the difficulties this new system has faced.

Much of the data offered on the exchanges is duplicated or of poor quality, and most data in China still changes hands through private agreements rather than on exchanges. Private technology companies remain reluctant to share what they regard as a competitive advantage. China has established rights to hold data resources, process and use data, and manage data products, without establishing a clear general ownership right in the underlying data, which the report compares to the way China treats urban land. And in June 2026 [regulators paused approvals of new data-backed securities](#), after concerns about underwriting standards and about some issuers using them to get round limits on local government borrowing.

None of that is surprising. Anyone building something new at this scale will run into problems, and the Chinese authorities have been adjusting as they go. The report's own conclusion is that, despite the difficulties, China has laid the foundations for treating data as an asset and is now positioned to help set the international norms.

The Commission's Vice Chair, Mike Kuiken, put it simply in [an interview with Reuters](#) when the report came out: "Over the last half decade, China has been able to consolidate data, find ways to label it and refine it, and Hoover up new data and make sure it's quickly made available to entities."

Since January 2024, Chinese companies have been allowed to record data on their balance sheets, and by December 2025, 136 listed companies had recognised RMB 3.8 billion of data assets.

Boards that assume data will stay off the balance sheet indefinitely may want to revisit that assumption.

What the report suggests Congress should consider

The part of the report I think will matter most, and for longest, is its closing section of considerations for Congress. It is worth being clear that this is a staff research paper and these are suggestions for Congress to consider, not law or policy. But they give a clear sense of where the conversation in Washington is heading.

First, a national data strategy.

The report notes that China has made data a strategic economic asset and the United States has made no comparable national decision. It suggests Congress consider whether the US needs a data strategy that treats data as an economic asset. Mr Kuiken told Reuters this was the Commission's "number one recommendation".

Second, accounting recognition.

The report observes that US companies have no equivalent to China's rules, which leaves the value of corporate data invisible in financial reporting. It suggests Congress consider whether US accounting standards should recognise data as an asset, and encourage the Securities and Exchange Commission and the Financial Accounting Standards Board to examine the question quickly. For anyone who has spent time explaining to a finance director why their most valuable resource does not appear on the balance sheet, that is a significant sentence to see in a congressional report.

Third, international standards.

The report is direct about timing. China is already presenting its approach to the IASB as that body works on intangible assets. It suggests the United States work with its allies to lead on data interoperability and transaction standards rather than cede that ground. In its words: "[Standards are difficult to revise once adopted](#). Engaging now would be more effective than seeking to unwind an established standard later."

Fourth, knowing what data you hold.

Perhaps the most practical suggestion is that federal agencies, which hold extensive agricultural, geological and health research data, should be required to inventory and assess the value of their data holdings within six months, to establish a baseline for protecting it and putting it to productive use.

Why this matters beyond Washington and Beijing

It would be easy to read all of this as a story about two superpowers. I think it is more useful to read it as a sign of where the world is heading, because the direction of travel is the same whoever is driving.

The accounting point is the obvious one. For years, the accounting treatment of internally generated data has attracted relatively little mainstream attention. That now looks less settled. China has adopted its own rules, [the IASB has begun a broader review of IAS 38](#), and a US congressional staff paper is asking whether American standards should change too. The IASB's project is not specifically about data, but the direction of the debate is worth watching. Boards that assume data will [stay off the balance sheet](#) indefinitely may want to revisit that assumption.

There is also a standards question. The rules for how data is defined, valued, registered and traded are being written now. Once they are embedded in accounting practice, audit methodology and lending criteria, they will be very difficult to unwind. The report's warning about engaging early applies to everyone, not just the United States.

For me, however, the more interesting issue is legal rather than accounting. Getting data onto the balance sheet is important, but it is not the whole answer. In many common-law jurisdictions, [lenders can already take security](#) over categories of intangible property and contractual rights. What they struggle with is knowing exactly what the data asset is, who has rights in it, whether it has been properly governed, and what they could actually enforce if things went wrong. China's own experience, including the launch in September 2026 of its national data-rights registration system, suggests that legal certainty and a reliable record of the asset have to sit alongside the accounting.

The difficult question is no longer whether data has economic value. It is how that value should be recognised in law, in accounts and in finance.

The Isle of Man's Data Asset Foundation regime starts with the legal questions, vesting a personal property right in data once it is accredited and recorded on the Data Asset Register.

Where the Isle of Man fits

This is where the Isle of Man's approach becomes relevant. The Foundations (Amendment) Act 2026, [which received Royal Assent in May 2026](#), created the Data Asset Foundation, a legal structure designed to hold data as a defined asset.

The regime starts with the legal questions. Under the statutory model, data is defined and dedicated to a Data Asset Foundation, submitted for provisional registration and then independently accredited against the prescribed Data Governance Framework. Once the statutory requirements are satisfied, it is [fully registered on the Data Asset Register](#). At that point the Act vests a personal property right in the registered data asset in the Foundation. The regime also provides for a specialist Data Enforcer to oversee compliance with the Foundation's governance obligations. In many ways it addresses, from a different starting point and in a common-law setting, the same practical problems the Commission's report describes. How do you make data visible? How do you know what you hold? How do you give third parties enough confidence to rely on it?

I want to be measured about this. The regime is new. Its [secondary legislation and governance framework](#) are still being finalised following consultation, and a number of firms on the Island are building expertise in the area, as they should. It will take time to prove itself. But it is one of the first attempts anywhere outside China to build a legal framework specifically for data as an asset, and the report suggests the demand for that kind of framework is only going to grow.

What interests me most is that the argument has moved on. The difficult question is no longer whether data has economic value; it is how that value should be [recognised in law, in accounts and in finance](#). China has already begun building its answer. The United States is now asking some of the same questions. For those of us working on the problem from the Isle of Man, that makes the next few years particularly interesting.

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Frequently Asked Questions

Q1 What is the US-China Economic and Security Review Commission's report on data as capital?

In August 2026, staff at the Commission, a body set up by Congress to advise it on the economic and security aspects of the US relationship with China, published an issue brief called *The People's Republic of Data: How China Is Turning Data into Capital*. It looks at how China has built exchanges, accounting rules, financing routes and standards to treat data as an economic asset.

Q2 Can Chinese companies put data on their balance sheets?

Yes. Since January 2024, Ministry of Finance rules have allowed Chinese companies to record data as an intangible asset or as inventory. By December 2025, 136 companies listed on China's A-share markets had recognised RMB 3.8 billion of data assets, and a further 417 unlisted companies had done the same by March 2026.

Q3 Why does most internally generated data not appear on Western balance sheets?

Under IAS 38 and US accounting rules, much of the expenditure involved in generating data internally is expensed as it is incurred. As a result, much of the economic value of that data never appears as a separately recognised asset. The IASB has begun a broader review of IAS 38, and the Commission's report suggests US standard setters examine the question.

Q4 Has China used data assets to raise finance?

A small number of Chinese companies have borrowed from banks against their data assets, and securities described as data asset-backed reached RMB 20 billion in cumulative issuance by May 2026. The report cautions that most relied on other cash flows or guarantees. In June 2026 regulators paused approvals of new data-backed securities over underwriting concerns.

Q5 What does the report suggest the US Congress should consider?

It makes four suggestions. A national data strategy that treats data as an economic asset, a review of whether US accounting standards should recognise data as an asset, working with allies to lead on data interoperability and transaction standards, and requiring federal agencies to inventory and value their data holdings within six months. These are staff suggestions, not law or policy.

Q6 What is China's data property-rights registration system?

On 21 September 2026, China's National Data Administration announced that the country's first batch of data property-rights registration certificates was being issued to 56 enterprises and institutions. The certificates evidence rights to hold, use and operate specified data, and the system is intended to support trading, balance-sheet recognition, financing and investment.

Q7 What is an Isle of Man Data Asset Foundation?

A Data Asset Foundation is a legal structure created by the Foundations (Amendment) Act 2026, which received Royal Assent in May 2026, to hold data as a defined asset. Data is dedicated to the Foundation, provisionally registered, independently accredited and then fully registered on the Data Asset Register, at which point the Act vests a personal property right in the registered data asset in the Foundation.

Q8 How does the Isle of Man approach differ from China's?

China built exchanges, accounting rules and financing first, and has only recently added a register. It has established rights to hold, use and operate data without a clear general ownership right. The Isle of Man regime starts with the legal questions, defining the data asset, who has rights in it and how it is governed, in a common-law setting.

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