Eurofiling Conference 2019

19 June 2019

Main Building, Press room C5.01

Frankfurt am Main

Welcome address

Werner Bier, Deputy Director General Statistics

Ladies and gentlemen,

I am pleased to welcome you to the second day of the 26th Eurofiling conference, which is organised by Eurofiling Foundation p.f. We are delighted to host this conference at the European Central Bank this year.

The annual Eurofiling conference is an opportunity to promote interoperability and transparency of regulatory and government initiatives, with the aim of building sound cooperation, trust and sustainability in the European and the global arena. In the presentations yesterday, you were informed about the steps towards integration between European taxonomies, alongside efforts to reduce the regulatory reporting burden. Both initiatives are clear examples of cooperation between regulatory and market societies. Today, you will be

brought up to date on global initiatives towards standardisation and harmonisation of granular data through the creation of common infrastructures such as the Legal Entity Identifier (LEI). In addition, you will be informed about the latest applications of artificial intelligence and how these will enable the EU institutions, national authorities and the banking industry to respond better to the multilateral challenges of the present. In Daniela Schackis' presentation this morning, you will also hear more on the role of technology in big data processing and the challenges for supervision.

In my brief contribution, I would like to touch upon two points: standardisation and cooperation.

Let me first share our views on harmonisation and standardisation. We all know now that aggregated statistics proved to be insufficient in addressing new questions triggered by the financial crisis. New legal acts were enacted to obtain additional granular data in many fields, covering both microprudential and macroprudential requirements as well as other statistical datasets (e.g. AnaCredit, securities holdings statistics and money market statistical reporting). What is also known is that, on the statistical side, the ESCB has traditionally followed a decentralised approach to data collection from banks, whereby each country implements its own independent solution to collect data in order to fulfil common European requirements. In practice, this has meant that banks across Europe have faced an increasing number of reporting requirements, collected from different authorities through a large number of reports, with different transmission frequencies, timeliness and levels of aggregation. These requirements often feature duplications and overlaps, with complex reporting schedules and processes, as well as different

characteristics in terms of revision policies, approaches to derogations and formats of the data exchanges.[1]

Having recognised the shortcomings of the current approach, the ESCB has engaged in open dialogue with the banking industry, with the aim of continuing to support policymaking while reducing the reporting burden. The main objective of this interaction has not been the deregulation of banks' reporting obligations, but rather how the content, processes and infrastructure can be improved to better meet the needs of all the involved stakeholders. In pursuing this objective, as of March 2018 regular meetings take place each year to discuss how standardising and integrating banks' reporting across countries and domains is progressing.

The first pillar of the ESCB strategy on data integration is represented by the Integrated Reporting Framework (IReF). Focusing on ESCB statistical requirements, it aims to collect data only once via a granular and integrated reporting scheme. You will hear more on this initiative and the ongoing cost-benefit analysis in Antonio Colangelo's presentation later today, but let me stress clearly how overcoming existing national differences is a key factor for the success of the project. As clarified in yesterday's discussion, a granular reporting scheme also allows for full leverage on the benefits of standardisation, and prepares authorities and reporting agents for the challenges of data reporting in a digitalised economy. The ESCB is also working closely with the banking industry on developing the Banks' Integrated Data Dictionary (BIRD), which will support reporting agents in organising the information available in their internal systems for both statistical and

---

[1] See EBF Press Release of 30 October 2018.

supervisory needs in an optimal manner. Silvia Giacinti will provide further insights on this later in the morning.

Let me be very clear on this point: in taking advantage of potential synergies, the ECB fully supports the further integration of statistical and supervisory reporting to the greatest extent possible. However, crucial differences exist between the two approaches to data requirements and they will be considered when developing a long-term plan. For instance, the level of granularity and the consolidation scope is not the same; most importantly, the nature and compliance of the requirements also differ – e.g. with regard to the responsibility of submitted aggregated indicators.

Looking ahead, authorities will cooperate and, as a minimum, bring statistical and supervisory reporting closer together through common infrastructure like:

i)   unique registers of entities and securities used by all European authorities, with part of the information shared with reporting agents (e.g. the ESCB's Register of Institutions and Affiliates Database (RIAD) and the Centralised Securities Database (CSDB));

ii)   describing statistical, resolution and prudential datasets based on a common data dictionary (e.g. BIRD);

iii)   using a common language for data transmission, (i.e. standard data exchange formats);

iv)   extensive use of international standards (e.g. Legal Entity Identifier (LEI) and International Securities Identification Number (ISIN)).

Let me now briefly also spend a few moments on the important topic of "cooperation".

Smooth cooperation with authorities and international organisations is only one side of the equation. The involvement of the banking industry is equally crucial. Strong interactions with market actors reduce the impact of the costs of data management. As digitalisation has become an important reality, cooperation between partners is greatly facilitated by the use of common data standards.

We note the European banking industry's expression of its willingness to work closely with banking authorities in the EU to make data management for reporting more efficient. This way, European banks will provide strong support for the creation of a standardised reporting framework covering both supervisory and statistical data. The ECB stands ready to collaborate fully with this initiative.

In that regard, I wish to confirm that the ESCB supports establishing an Advisory Committee on the Coordination of Statistical & Supervisory Reporting. It may advise on two main tasks: (i) streamlining the reporting requirements without questioning the degree of regulation, and (ii) implementing the streamlined requirements most efficiently. While the first task would be allocated to banking authorities, the second task would be best carried out in close cooperation between banking authorities and the banking industry.

To minimise the noticeable reporting burden, the ECB has already implemented regular dialogue with the banking industry on ESCB statistics, not

only to improve data accuracy and timeliness, but also to better understand the challenges faced by reporting institutions.

Cooperation is a key ingredient in producing timely and high-quality statistical data. Working together not only fosters the exchange of information, but also allows us to identify the key steps that must be taken towards interoperability of reporting. In a world where the need for data is continuously increasing and the amount of data generated by the banking sector is continuously expanding, the digital revolution is an incessant force of "creative destruction", driven by constant technological change.

Here, ISO data standards with data models such as XBRL or SDMX are an essential condition for achieving efficiency in practice.

Let me now conclude by wishing you a pleasant and informative day. I trust you will find this conference useful. I would encourage all of you to interact and use the Eurofiling conference as an opportunity for networking and for making your views heard on the various topics discussed during the course of the day.

I wish you a successful conference!