



EUROPEAN CENTRAL BANK

EUROSYSTEM

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ECB's long term vision on the Integrated Reporting Framework (IReF)

Eurofiling conference 2019

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Overview

- 1 The ESCB strategy for statistical data collection from banks
- 2 Main IReF features
- 3 The IReF cost-benefit analysis

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The industry's call for standardisation and integration

- Despite a high degree of harmonisation, reporting requirements across Europe differ in terms of
 - information content
 - timeliness and frequency
 - level of detail
- The (suboptimal) result is
 - large number of reports
 - complex reporting schedules and processes
 - same information reported several times (duplications)
 - data extracted from banks' internal systems in an unstructured way
- Banks call for **integrated** and **standardised** reporting requirements ([EBF Press Release](#), 30/10/2018)
- Final goal: increase data quality and **reduce reporting burden**

- ESCB statistics to keep supporting policy making while minimising the reporting burden for banks via:
 - regular dialogue with the banking industry
 - standardisation and integration of banks' reporting across countries & domains

IReF

Integrated Reporting Framework

- Collect data only once, via an integrated reporting scheme
- Focus on ESCB statistical requirements

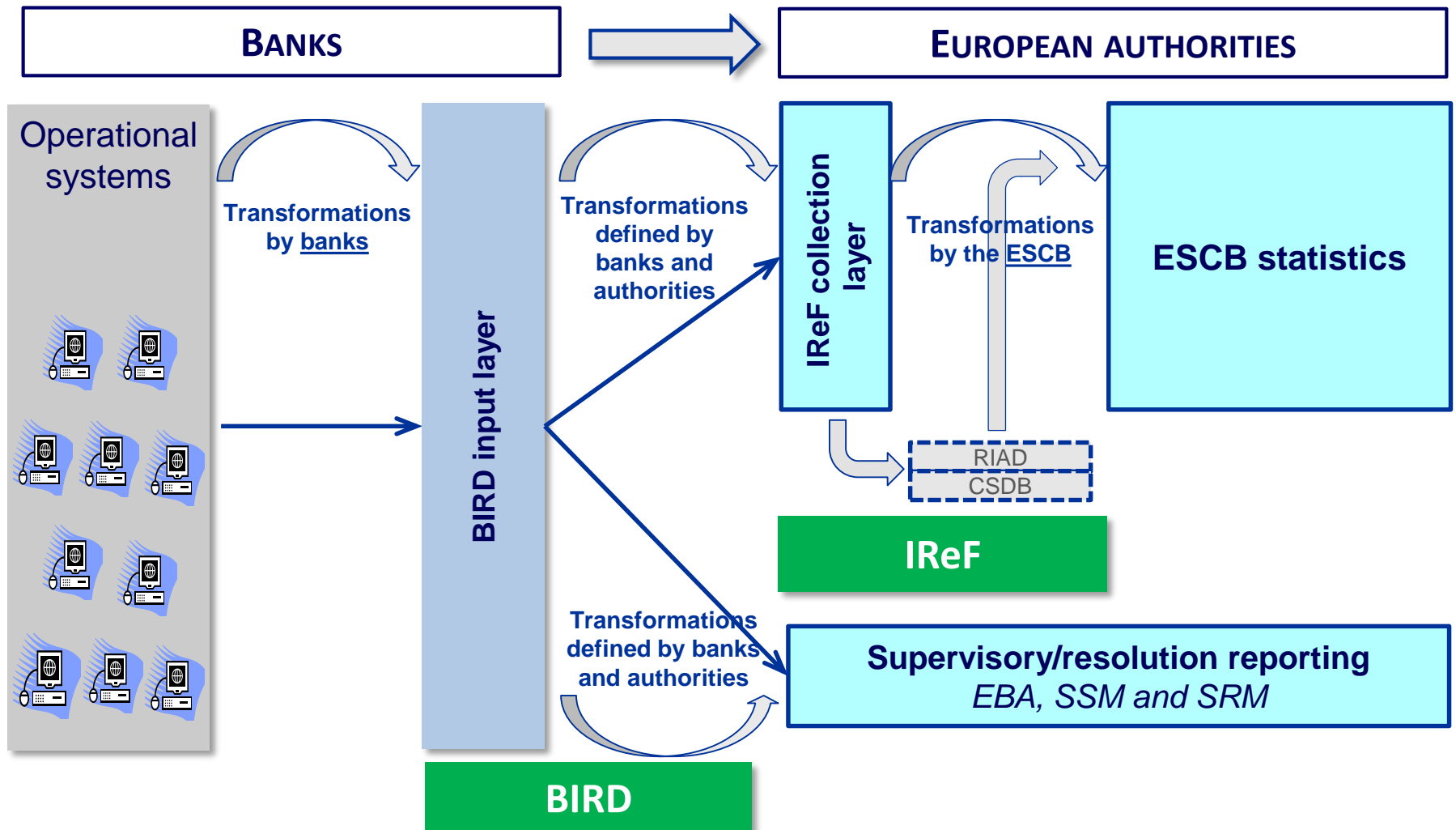


BIRD

Banks' Integrated Reporting Dictionary

- Support reporting agents to optimally organise the information available in their internal systems

The future of reporting



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Integrated reporting scheme for banks across countries and across domains, with a focus on *ESCB statistical requirements*

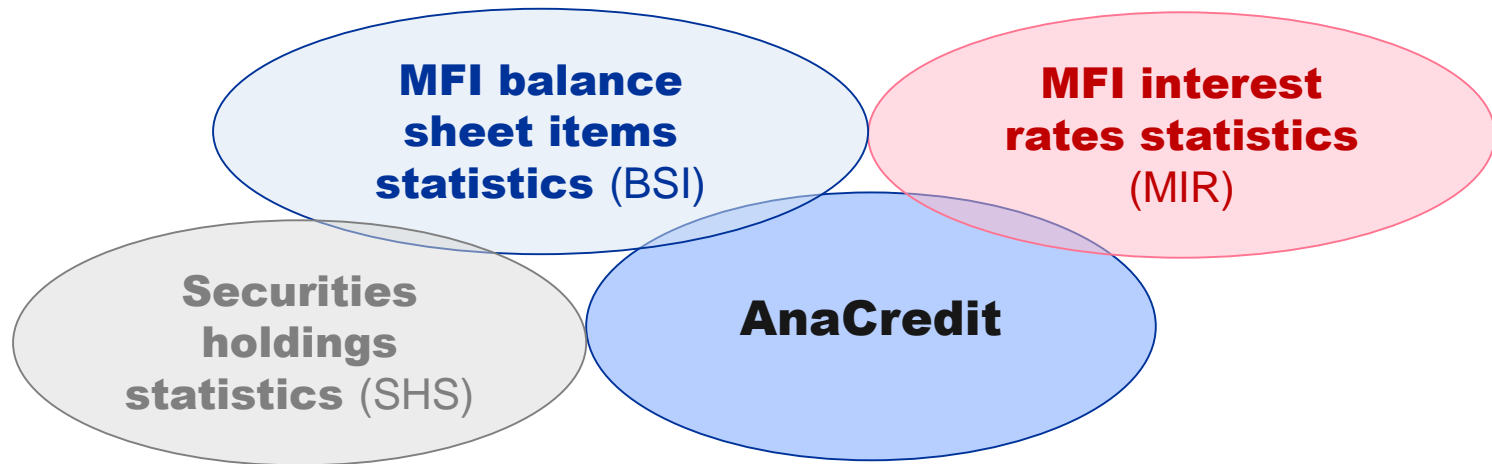


Key ideas:

- ✓ consolidation of existing requirements into one report
- ✓ simplification of the reporting
- ✓ ensure proportionality

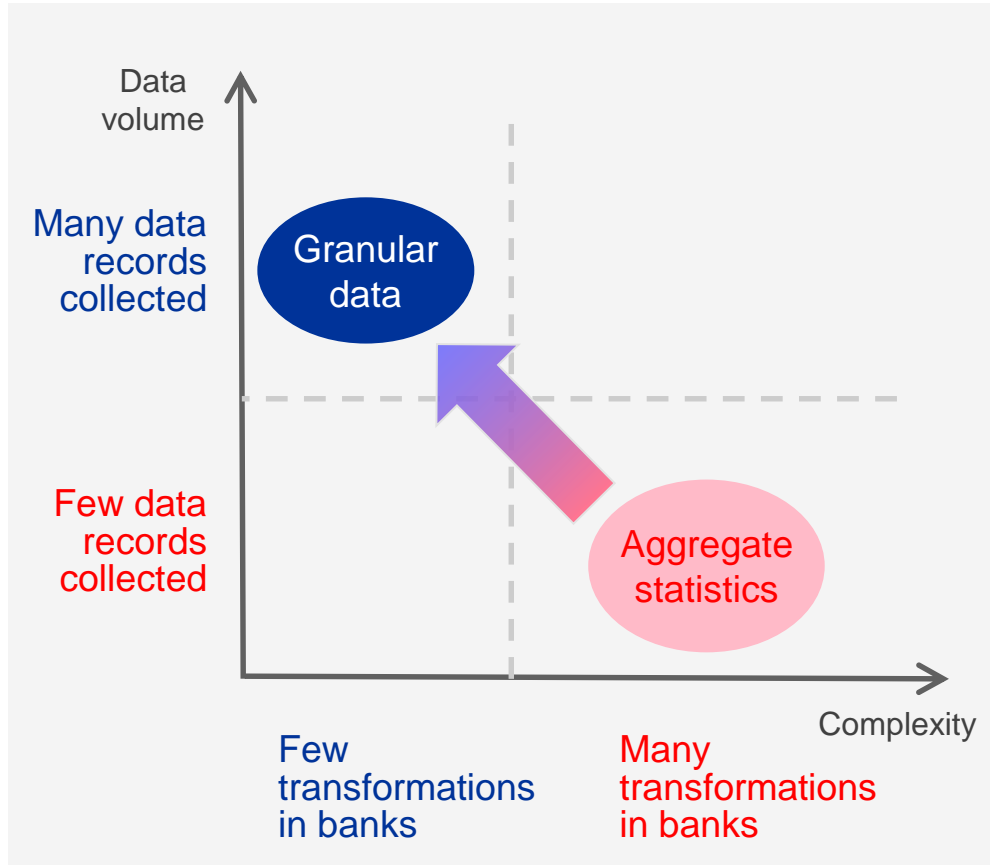
Target population

- **deposit-taking corporations:** credit institutions and others



- In addition to the four datasets covered in ECB statistical regulations:
 - ✓ selected requirements from **b.o.p.**, **i.i.p.** and **financial accounts** as regards reporting by banks on own transactions/positions
 - ✓ take into account **residency-based statistics** collected by international organisations
 - ✓ national statistical requirements arising from other needs (under certain conditions)

From aggregated statistics to granular data



A paradigm shift with clear advantages

- less classification & aggregation efforts by banks
- higher consistency in data output
- information requested is “closer to banks’ business logic”
- transformation rules as a public good

An example.....

- **Aggregate data** (statistics!) reporting requires a significant classification/aggregation effort and related costs

E.g. BSI record: “short-term **loans** to **non-resident non-financial corporations**” requires banks to take a decision on many aspects:

- maturity
 - instrument classification** (e.g. loans vs debt securities)
 - concept of residency** (e.g. treatment of branches)
 - counterparty classification** (e.g. NFC vs household)
- Aggregate requirements also raise issues of consistency: does “short-term”, “loan” etc. have the same meaning across all frameworks?
 - Room for interpretation → **poor data quality & high reporting burden**
 - Granular data implies **high data volumes** but they are “closer to the banks’ business”

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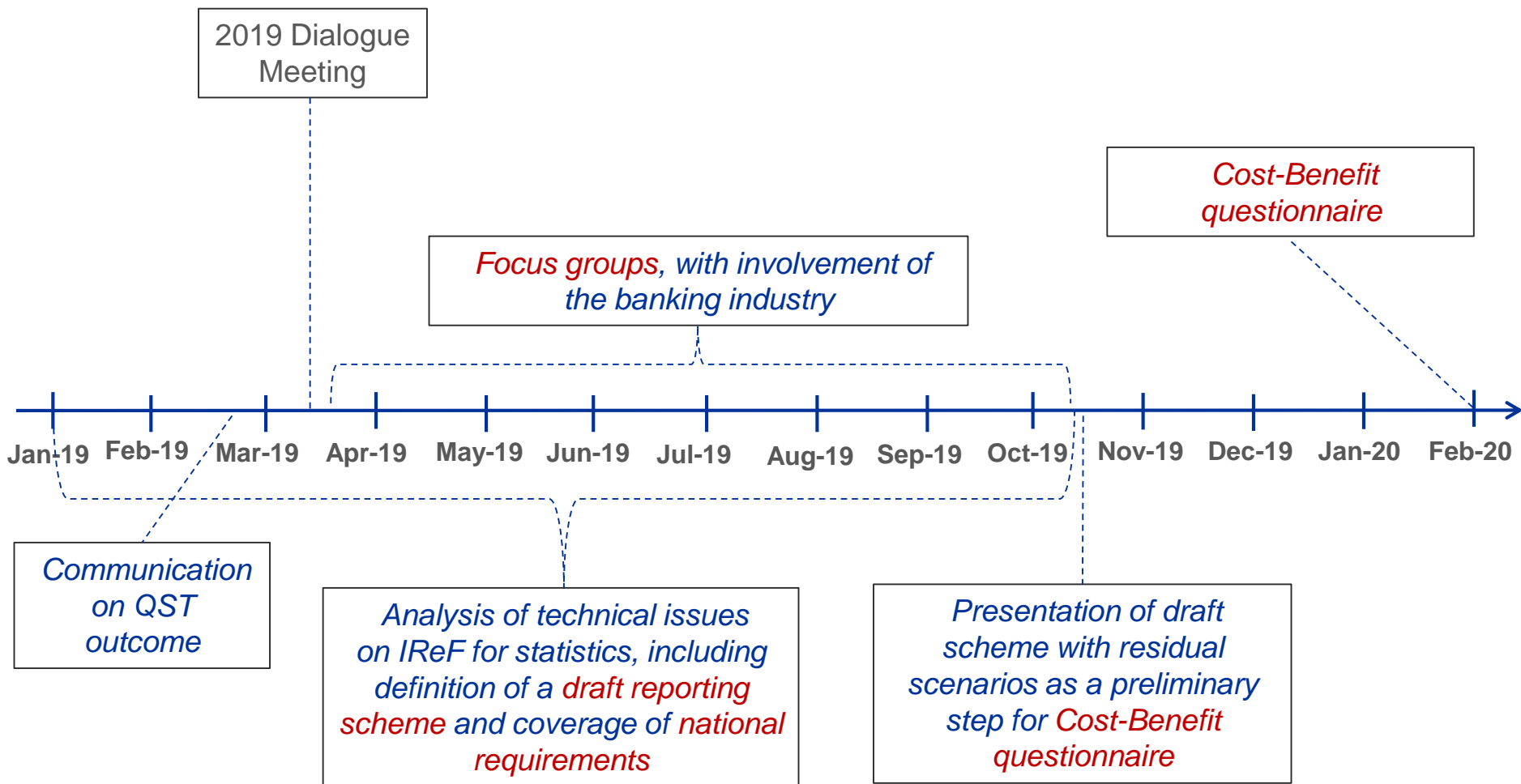
- Comprehensive **Cost-Benefit Analysis (CBA)** in close cooperation with the banking industry
- **Qualitative Stock-Taking (QST) exercise** run from Jun to Oct 2018
 - ✓ **Feedback** from the banking industry
 - 255 responses representing over 3,000 institutions with good coverage in all countries and all sizes of banks
 - covering ca. 78% of the banking industry in euro area in total assets
- **Cost-benefit questionnaire** to be conducted in 2020

- **Benefits** expected of the IReF implementation (widely acknowledged)
 - harmonisation of concepts and methodologies for statistical reporting
 - a unique reporting scheme across statistical domains and beyond
- **Challenges in the implementation phase**
 - maintaining parallel systems before reaching the steady-state
 - need to develop new / adapt existing IT reporting systems
- **Challenges in the operational phase**
 - concentration of workload in a shorter period of time
- Broad support in favour of **collecting supervisory data as part of a broader integrated framework**

- Majority for implementing IReF between 2024 and 2027
- Ensure linkages between the IReF collection layer to the applicable national accounting standards
- Integration of AnaCredit & security-by-security reporting
 - strong support to use granular AnaCredit data and s-b-s data on holdings and issuance of securities to compile aggregated statistics
 - possible elimination of AnaCredit threshold to enable the compilation of statistical aggregates
 - timeline of the reporting at instrument level to be further analysed and assessed

- ESCB to focus on the **technical design** of the IReF
 - develop a **draft reporting scheme**
 - drop scenarios that were not supported in the QST questionnaire
- Analyse (and address) existing **national deviations**
 - national requirements going beyond ECB regulations
 - homogeneous definitions and code lists via a common data dictionary
 - common remittance dates, validation rules and derogation scheme
 - standardisation of the formats for the data exchanges
- **Banking industry** contributing to focus groups dedicated to analyse specific IReF aspects
 - e.g. draft reporting scheme, derivation or reporting of transactions, approach to data reporting for branches of credit institutions resident in the euro area

IReF tentative roadmap



Thank You!