

FIRST DIALOGUE MEETING

BETWEEN MEMBERS OF THE ESCB'S STATISTICS COMMITTEE (STC) AND REPRESENTATIVES OF THE BANKING INDUSTRY

Friday, 16 March 2018

Minutes

I. INTRODUCTION

The Chair of the European System of Central Banks (ESCB) Statistics Committee (STC) welcomed the participants to the first Dialogue between the members of the STC and representatives of the banking industry (hereinafter "Dialogue").

The aim of the Dialogue is for the STC and the banking industry to exchange views on existing and new initiatives in the field of ESCB statistics. The STC Chair stressed that, with a view to further developing contacts between the ESCB and the banking industry, it was important to take a medium-term view and see how ESCB statistics could further support policymaking in its various dimensions (e.g. monetary policy, macroprudential policies or microprudential supervision), while minimising the reporting burden for banks. This challenge could be best overcome by streamlining reporting requirements through initiatives such as the Banks' Integrated Reporting Dictionary (BIRD) and the Integrated Reporting Framework (IReF). He also stressed the importance of a better understanding of how the banking industry itself saw the changes that could take place in the years to come and how this could impact on statistical reporting.

The Chair of the European Banking Federation (EBF) Reporting & Statistics Working Group thanked the STC Chair and the STC as a whole for inviting the banking industry to the Dialogue. He emphasised the relevance for the industry of discussing these issues and its support for the STC's model of cooperation and engagement with the industry.

The participants then introduced themselves. The list of participants can be found in Annex I.

II. STRATEGIC OUTLOOK

II.1 The Integrated Reporting Framework and the future of statistical reporting

Summary and conclusions

Currently, countries implement ESCB datasets in heterogeneous ways. As a result, the same bank with cross-border activities faces different requirements across euro area (and EU) countries.

The ESCB's long-term strategy is to standardise and integrate existing frameworks for reporting by banks as much as possible across domains and across countries. The datasets in the scope of the IReF are monetary financial institution (MFI) balance sheet items statistics, securities holding statistics (SHS), AnaCredit and MFI interest rate statistics. It will be investigated whether and to what extent non-ESCB data requirements of (i) other international organisations (such as the Bank for International Settlements (BIS), the International Monetary Fund (IMF) and Eurostat) and (ii) national users are sufficiently comparable and harmonised in order to be included in the IReF. The IReF aims to ensure that ESCB (and possibly further) statistical requirements are less duplicated, or even only collected once via an integrated reporting scheme.

With a view to jointly assessing the feasibility and impact of an IReF on the banking industry and the ESCB, a cost-benefit analysis has started and is expected to run throughout 2018 and 2019. If the ESCB and the banking industry were to conclude that the benefits would outweigh the costs, a timeline for implementing the IReF would be agreed.

The banking industry expressed its overall support for the IReF. At the same time, several representatives expressed a wish to harmonise reporting requirements not only for ESCB statistics, but also for data collected for the purposes of supervisory reporting or specific national or non-ESCB requirements. These delegates also stressed the need for the ESCB to formulate a long-term strategy. The Chair took note of these comments and concluded that there was a need to develop a strategy on how the IReF could deal with statistical (including non-ECB), supervisory and national requirements in the medium to long term, and to identify a starting point from where to start such a process.

Action points

- Linked to the cost-benefit analysis, the ESCB will start an exchange of views with the banking industry on when and how to promote the IReF and for which datasets.
- The ESCB, together with the banking industry, will develop guiding principles on integrated reporting and will liaise with other European institutions on the way forward for the IReF.

II.2 The future of the banking industry

Summary

The key priorities for the banking industry are to have a regulatory environment conducive to fostering the digital transformation of banks and to enhance what the financial industry offers to the public at large in terms of secure financial services and products. This key objective informs its main digital and strategic themes for 2018 and beyond, such as e-privacy, dynamic currency conversion, the EBF Cloud Banking Forum, e-identification and blockchain. New financial technologies (fintech) will make it more challenging but also more important to interpret data and consumer behaviour. The banking industry suggested that, taking due care of proportionality, fintech-type companies should also be asked to report data on their activities in order to ensure a level playing field and because banks could not be expected to fill this gap; requesting payment statistics information solely from banks would not provide the ECB with a complete picture.

It was also noted that statistical and supervisory requirements still required interpretation, with the risk of different interpretations across national central banks (NCBs), national competent authorities (NCAs) and reporting agents for the same set of requirements. Initiatives such as the BIRD and the IReF facilitate this interpretation, although they may be seen as an intermediate step towards machine-readable requirements and authorised machine-to-machine communication.

II.3 Exchange of views

See item II.1 and II.2.

III. BANKS' INTEGRATED REPORTING DICTIONARY (BIRD)

Two topics were discussed: the governance of the BIRD initiative and the BIRD work plan.

A – BIRD governance – summary

The success of the BIRD heavily relies on, and benefits from, effective and active participation by commercial banks, as they know how their reporting systems work. A light and effective cooperation framework for the BIRD initiative, ensuring that the appropriate stakeholders are involved in the decision-making process, would involve the following elements:

- A BIRD Steering Group with the participation of representatives from the ESCB, the EBF, the commercial banks which are also involved in the operational work and, depending on the frameworks under consideration, the European Banking Authority (EBA).
- The Steering Group would take high-level decisions concerning the BIRD's (i) priority-setting, (ii) multi-annual work programme and (iii) general organisational aspects (e.g. chairs of the BIRD group, participation of commercial banks), and would ensure a proper flow of information to and from the entire banking industry with regards to the BIRD initiative.
- Since the BIRD initiative is very much a joint undertaking by the banking industry and the ESCB, the Steering Group will have Co-Chairpersons from the ESCB (to be nominated by the STC) and from the banking industry (to be nominated by banking industry participants in the BIRD).
- A BIRD Expert Group established by the BIRD Steering Group to carry out the operational work and take decisions on issues such as (i) data models and semantics, including developing, reviewing and endorsing BIRD documentation, and (ii) working plans for the various activities.

The banking industry showed clear support for the BIRD endeavour and for the proposed governance structure, including the involvement of the EBA. It will be important to ensure significant added value for the banks by introducing new reporting requirements in the BIRD (in a timely manner, relying on sufficient lead time for implementation) and by gradually including more domains in the BIRD. The ESCB encouraged more commercial banks to join the BIRD Expert Group so as to ensure steady progress. The pace of the progress will significantly depend on the time and resources that the Steering Group decides to allocate, especially if new domains are developed in parallel streams.

BIRD governance – action point

- The ECB will send a letter to the chief executive officers of the commercial banks that participate in the BIRD Expert Group to ask them to nominate participants for the BIRD Steering Group. The members of the BIRD Expert Group and the participants in the Dialogue will receive a copy of the letter. A general call for interest to participate in the BIRD endeavour will be also made available on the BIRD website.

B – The BIRD work plan – summary

The BIRD Expert Group has expressed a strong preference for including the common reporting (CoRep) framework and other EBA Implementing Technical Standards (ITS) in the BIRD. On this basis, it has developed a tentative work plan from May 2018 until the end of 2019, which will be submitted to the BIRD Steering Group at its inaugural meeting. The feedback on the work plan was very positive. It was agreed that the upcoming changes to the Capital Requirements Regulation (CRR II) would need to be taken into account by the BIRD.

IV. STATE OF PLAY OF IMPORTANT ESCB PROJECTS

AnaCredit – summary

AnaCredit has added value not only for the ESCB but also for the banks themselves, in particular through the standardisation of granular reporting. As an example of how reporting can become more stable over time, AnaCredit will also support new ESRB requirements on commercial real estate funding, without additional data collection.

The ECB and the NCBs have been strongly committed to supporting banks in implementing the AnaCredit reporting requirements. This support has led notably to the publication of a detailed three-part manual (Part III was published in May 2017, 18 months ahead of the initial reporting of credit data in November 2018), the publication of validation checks, and the publication and regular update of questions and answers based on queries by banks to the relevant NCBs. While the banking industry recognised the efforts made by the ESCB in terms of overall communication, disclosure and transparency, it asked the ECB to communicate any changes in substance in a timely manner as part of the change management procedure.

The banking industry would appreciate the finalisation and stabilisation of the current phase before the ECB's Governing Council decides to extend the AnaCredit project.

Money Market Statistical Reporting (MMSR) and the forthcoming euro unsecured overnight rate – summary

A brief overview of the MMSR reporting framework and the published MMSR statistics was provided. It was recalled that the ECB had decided to develop a euro unsecured overnight interest rate as a complement and a backstop to existing rates, which would be entirely based on the MMSR reporting framework and published before 2020. The second public consultation on the rate is in progress. MMSR reporting requirements are expected to remain largely stable, though data quality checking will be further enhanced and the criticality for the unsecured segment reporting systems will increase. Adjustments to MMSR reporting requirements in terms of coverage of counterparties and an expansion of the reporting of Legal Entity Identifiers (LEIs) could be considered.

Securities Holdings Statistics – summary

In July 2016, the Governing Council approved extending the collection of individual banking group data to cover all groups under direct ECB supervision as well as the collection of additional attributes on accounting and risk. The first reporting under the new requirements will start with data relating to end-September 2018. Reporting banking groups will have the possibility of directly reporting their holdings to the ECB (subject to the decision by the relevant NCB). As in AnaCredit, the ECB and NCBs are strongly committed to supporting banks in implementing reporting requirements.

Payment Statistics Regulation – summary

There is a need to update the ECB Regulation on payment statistics (ECB/2013/43) to reflect rapid changes in the payments landscape as well as to capture new developments such as the Second Payment Services Directive (PSD2) and the Interchange Fee Regulation (IFR). The EBA – in cooperation with the ECB – is currently finalising Guidelines on fraud reporting requirements under PSD2. The objective of the ECB and the EBA is to have, in the steady state, a single data flow from reporting agents via NCBs/NCAs to the EBA and the ECB. An update of the ECB Regulation is not expected to happen before the third quarter of 2019. The reporting will start in 2021 with data on 2020. The Chair took note of comments that reporting granular monthly data to tight deadlines was seen to be challenging but noted that the usefulness of payments data for forecasting would be dependent on the data being provided in a timely manner. It was also mentioned that there were methodological differences with reporting requirements from the BIS Committee on Payments and Market Infrastructures (CPMI). The Chair indicated that all efforts would be made to eliminate methodological differences with other reporting requirements but that this might not always be possible.

V. CONCLUSIONS

The Chair concluded that the meeting had led to a very fruitful dialogue on strategic and even some technical issues. He underlined the need to continue the Dialogue on strategic issues, not only via annual meetings but also through interim contacts between the ESCB and the banking industry.

The Chair of the EBF Reporting & Statistics Working Group also expressed his wish for the Dialogue to continue.

ANNEX I LIST OF PARTICIPANTS

Participating institutions	Name of participants
European Central Bank	Mr Aurel Schubert – Chairperson
European Central Bank	Ms Vitaliana Rondonotti – Statistics Committee Secretary
European Central Bank	Ms Julia Catz – Dialogue Secretary
Nationale Bank van België/Banque Nationale de Belgique	Mr Rudi Acx
Česká národní banka	Mr Štěpán Radkovský
Deutsche Bundesbank	Mr Stefan Brunken
Association of German Banks	Ms Silvia Schütte
Deutsche Bank AG	Mr Jörg Michael Scharpe
Eesti Pank	Mr Ain Paas
Central Bank of Ireland	Mr Rory McElligott
Permanent TSB	Mr Jan de Chaumont
Bank of Greece	Mr Nikolaos Tsaveas
Banco de España	Ms Eloisa Ortega
BBVA	Mr Eduardo Avila
	Mr Julen Amuriza Orozco
Caixa Bank	Mr Juan Cebrián
Banque de France	Mr Marc-Alain Bahuchet
French Banking Federation	Ms Isabelle Huard
BNP Paribas	Mr David Leclerc
Banca d'Italia	Ms Grazia Marchese
UniCredit S.p.A.	Mr Luca Guarinoni
Central Bank of Cyprus	Ms Eliana Psimolophitou
Latvijas Banka	Mr Ilmars Skarbnieks
Lietuvos bankas	Mr Rytis Likša
Magyar Nemzeti Bank	Mr János Gerendás
Central Bank of Malta	Mr Jesmond Pule
De Nederlandsche Bank	Ms Lucie Pennings
ABN AMRO Bank N.V.	Mr Rolf Otten
Rabobank	Mr Mike Velthaak
Volksbank	Mr Hans Weggemans
Oesterreichische Nationalbank	Mr Johannes Turner
Erste Group Bank AG	Ms Emira Al-Baghdadi
Narodowy Bank Polski	Mr Józef Sobota
Polish Bank Association	Ms Joanna Tylinska
Banco de Portugal	Mr António Garcia
Portuguese Banking Association	Mr Pedro Fernandes

Banca Națională a României	Mr Marian Laurentiu Mustareata
Banka Slovenije	Mr Matjaž Noč
Národná banka Slovenska	Ms Ivana Brziaková
Suomen Pankki – Finlands Bank	Ms Elisabeth Flittner
Finance Finland	Ms Elina Salminen
Sveriges Riksbank	Ms Sofia Kåhre
Swedish Bankers' Association	Mr Christian Nilsson
Nordea Bank AB	Ms Olivia Hauet
European Banking Federation/Banking & Payments Federation Ireland	Mr Anthony O'Brien, Chair of the EBF Reporting & Statistics Working Group
European Banking Federation	Mr Gonzalo Gasos
	Mr Francisco Saravia
European Mortgage Federation - European Covered Bond Council	
European Central Bank	Mr Daniele Westig
	Mr Werner Bier
	Ms Caroline Willeke
	Ms Cornelia Holthausen
	Ms Stéphanie Czák-Ludwig
	Mr Frédéric Lardo
	Mr Remigio Echeverría
	Mr Ioannis Ganoulis
	Mr Jean-Marc Israël
	Mr Giancarlo Pellizzari
	Ms Romana Peronaci